

SASKATCHEWAN ARTS ALLIANCE CORPORATION
FINANCIAL STATEMENTS
MAY 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Members of
Saskatchewan Arts Alliance Corporation

Qualified Opinion

I have audited the accompanying financial statements of Saskatchewan Arts Alliance Corporation, which comprise the statement of financial position as at May 31, 2023 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 and other explanatory information.

In my opinion, except for the effects, if any, of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Saskatchewan Arts Alliance Corporation as at May 31, 2023 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many non-profit organizations, Saskatchewan Arts Alliance Corporation derives part of its revenue from membership fees, donations and other activities, the completeness and classification of which are not susceptible to satisfactory audit verification. Accordingly my verification of these transactions was limited to accounting for the amounts recorded in the records of the organization and I was not able to determine whether any adjustments might be necessary to the revenues, statement of operations, assets and net assets.

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Entity in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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


Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 Entity'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 Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity 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.

I 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 I identify during my audit.

Regina, Saskatchewan
September 5, 2023



Marcia Herback
CPA, CA

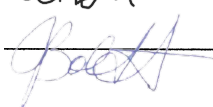
SASKATCHEWAN ARTS ALLIANCE CORPORATION
STATEMENT OF FINANCIAL POSITION
AS AT MAY 31, 2023
(with comparative figures for 2022)

	2023	2022
ASSETS		
Current assets		
Cash	\$ 152,495	\$ 150,126
Investments	180,885	180,750
Accrued interest receivable	4,079	291
GST receivable	1,306	1,121
Prepaid expenses	<u>6,501</u>	<u>3,013</u>
	<u>\$ 345,266</u>	<u>\$ 335,301</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 18,200	\$ 12,439
Grant return payable (Note 5)	-	3,269
Unearned revenue (Note 6)	<u>135,020</u>	<u>132,609</u>
	<u>153,220</u>	<u>148,317</u>
NET ASSETS		
Internally restricted reserves	160,920	160,920
Unrestricted net assets	<u>31,126</u>	<u>26,064</u>
	<u>192,046</u>	<u>186,984</u>
	<u>\$ 345,266</u>	<u>\$ 335,301</u>

See accompanying notes

Approved on Behalf of the Board

 _____ Director

 _____ Director

SASKATCHEWAN ARTS ALLIANCE CORPORATION
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MAY 31, 2023
(with comparative figures for 2022)

	2023	2022
Revenue		
Grants (Schedule 1)	\$ 332,609	\$ 226,731
Self-help (Schedule 2)	<u>12,599</u>	<u>3,176</u>
	<u>345,208</u>	<u>229,907</u>
Expenses		
Administration (Schedule 3)	251,719	187,499
Travel & Meetings (Schedule 4)	15,716	683
Corporate Business (Schedule 5)	10,948	9,868
Communications (Schedule 6)	8,515	6,178
Programs & Services (Schedule 7)	<u>53,248</u>	<u>22,503</u>
	<u>340,146</u>	<u>226,731</u>
Excess (deficiency) of revenues over expenses	5,062	3,176
Unrestricted net assets, beginning of year	<u>26,064</u>	<u>22,888</u>
Unrestricted net assets, end of year	<u>\$ 31,126</u>	<u>\$ 26,064</u>

See accompanying notes

SASKATCHEWAN ARTS ALLIANCE CORPORATION
 STATEMENT OF RESERVES
 FOR THE YEAR ENDED MAY 31, 2023
 (with comparative figures for 2022)

2023

	Operating Reserve	Capital Maintenance Reserve	Representation Reserve	Facility Reserve	Projects in Progress Reserve	Arts Congress Reserve	Total 2023	Total 2022
Net Assets								
Balance, beginning of year	\$ 68,713	\$ 2,373	\$ 1,800	\$ 24,000	\$ 61,034	\$ 3,000	\$ 160,920	\$ 160,920
Transfer from net assets	-	-	-	-	-	-	-	-
Transfer to net assets	-	-	-	-	-	-	-	-
Balance, end of year	\$ 68,713	\$ 2,373	\$ 1,800	\$ 24,000	\$ 61,034	\$ 3,000	\$ 160,920	\$ 160,920

See accompanying notes

SASKATCHEWAN ARTS ALLIANCE CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MAY 31, 2023
(with comparative figures for 2022)

	2023	2022
Operating activities		
Excess of revenues over expenses	\$ 5,062	\$ 3,176
Net change in non-cash operating working capital balances		
Investments	(135)	(30,750)
Accrued interest receivable	(3,788)	422
GST receivable	(185)	(68)
Prepaid expenses	(3,488)	(3,013)
Accounts payable and accrued liabilities	5,761	(24,262)
Grant returns payable	(3,269)	3,269
Unearned revenue	<u>2,411</u>	<u>129,276</u>
Cash provided by operating activities	<u>2,369</u>	<u>78,050</u>
Increase in cash	2,369	78,050
Cash position, beginning of year	<u>150,126</u>	<u>72,076</u>
Cash position, end of year	<u>\$ 152,495</u>	<u>\$ 150,126</u>

See accompanying notes

SASKATCHEWAN ARTS ALLIANCE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2023

1. Status and nature of activities

The Saskatchewan Arts Alliance Corporation acts to ensure the existence and continued growth of the arts and cultural industries in Saskatchewan. The Organization is incorporated under the Non-Profit Corporations Act of Saskatchewan as of March 21, 1986.

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Revenue

Grants are recorded as revenue in the fiscal period for which the monies were approved by the funding association. Grants received in advance of the period for which they are to be used are recorded as deferred grant revenue. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Membership revenue is recognized in the year it relates to. Membership fees received in advance of the membership year to which they relate are recorded as deferred membership fees.

Interest income is recognized when it is earned. All other revenue is recorded in the fiscal period in which it is received.

Tangible capital assets

Tangible capital assets are charged against revenues in the year of purchase.

Financial instruments

The Saskatchewan Arts Alliance Corporation initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets subsequently measured at amortized cost include cash, investments and accounts receivable. Financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities.

Management estimates

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

3. Reserves

During the 2006 year, the SAA Board of Directors established an operating reserve and moved that \$18,000 be transferred into the reserve. In 2012, the SAA Board of Directors established that the operating reserve be maintained at one third of its operating budget. Additional amounts are added to the operating reserve as required. Similarly, during 2008, a capital maintenance reserve, representation reserve, facility reserve and projects in progress reserve were opened by the SAA Board of Directors. During the 2013 fiscal year, the Board of Directors opened an Art Congress Reserve to spread the costs of the Biennial Event over a two year period.

SASKATCHEWAN ARTS ALLIANCE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2023

4. Financial instruments

The Saskatchewan Arts Alliance Corporation is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's exposure and concentrations at May 31, 2023:

Credit risk

Credit risk arises from the potential that a party may default on their financial obligations, or if there is a concentration of financial obligations which have similar economic characteristics that could be similarly affected by changes in economic conditions, such that the Organization could incur a financial loss. Saskatchewan Arts Alliance Corporation is exposed to credit risk with respect to its cash, investments and accounts receivable. The organization manages its credit risk by placing cash and investments with major financial institutions. Credit risk for accounts receivable is managed by the credit quality and diverse debtor base and creating an allowance for bad debts where applicable.

Liquidity risk

Liquidity risk is the risk that the Organization may not be able to meet a demand for cash or fund its obligations as they come due or not being able to liquidate assets in a timely manner at a reasonable price. Saskatchewan Arts Alliance Corporation is exposed to liquidity risk with respect to its investments and accounts payable and accrued liabilities but manages its liquidity risk by holding assets that can be readily converted into cash.

Interest rate risk

Interest rate risk is a type of market risk that refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates. The Organization is exposed to interest rate risk with respect to its cash and investments and its effect on interest income. Fluctuations in interest rates do not have a significant effect on cash and investments due to the fact that interest income is not a major percentage of total revenue.

5. Grant returns payable

Saskatchewan Arts Alliance Corporation receives annual funding from Sask Culture with the understanding that the funds are to be used for eligible purposes adhering to the policies and guidelines. In the event funds are not used in accordance with the policies and guidelines, they must be returned to Sask Culture. At May 31, 2022 the Organization had \$nil in grant returns to Sask Culture (2022 - \$3,269).

6. Unearned revenue

Deferred revenue consists of externally restricted funds received from Sask Culture funds for 2022\23 in the amount of \$135,000 (2022 - \$130,000), membership fees for \$20, and the University of Regina CERC Grant for \$nil (2022 \$2,609).

7. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

SASKATCHEWAN ARTS ALLIANCE CORPORATION
SCHEDULES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2023
(with comparative figures for 2022)

	2023	2022
Grants		Schedule 1
Sask Arts Board	\$ 70,000	\$ 70,000
Sask Culture	260,000	156,731
Other grants	<u>2,609</u>	<u>-</u>
	<u>\$ 332,609</u>	<u>\$ 226,731</u>
Self-help		Schedule 2
Interest	\$ 5,519	\$ 327
Donations	3,915	-
Memberships	3,165	2,125
Sponsorship	<u>-</u>	<u>724</u>
	<u>\$ 12,599</u>	<u>\$ 3,176</u>
Administration		Schedule 3
Contract fees	\$ 28,021	\$ 22,465
Office operations		
Equipment	3,892	1,521
Office supplies	368	1,005
Printing, postage, photocopying		146
Rent	12,761	12,342
Software and IT	2,677	-
Telephone	1,948	3,358
Salaries and benefits	<u>202,052</u>	<u>146,662</u>
	<u>\$ 251,719</u>	<u>\$ 187,499</u>
Travel & Meetings		Schedule 4
Meetings - AGM	\$ 500	\$ -
Board honorarium	4,030	-
Board retreat	5,987	-
Professional development	550	-
Meetings - Interagency	147	47
Staff and board travel	3,588	636
Team building	<u>914</u>	<u>-</u>
	<u>\$ 15,716</u>	<u>\$ 683</u>

SASKATCHEWAN ARTS ALLIANCE CORPORATION
SCHEDULES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2023
(with comparative figures for 2022)

	2023	2022
Corporate Business		Schedule 5
Insurance	\$ 4,743	\$ 3,966
Professional fees	5,371	5,287
Memberships	326	386
Service charges	508	229
	<u>\$ 10,948</u>	<u>\$ 9,868</u>
Communications		Schedule 6
Advertising	\$ 2,168	\$ 346
Website	6,347	5,832
	<u>\$ 8,515</u>	<u>\$ 6,178</u>
Programs & Services		Schedule 7
Arts Congress/Summit	\$ 14,339	\$
Community development	5,390	12,865
National Liason	4,371	120
Reference services, research, representation	11,639	5,685
Status of the Artist Website Project	1,000	
Strategic initiatives	16,509	3,833
	<u>\$ 53,248</u>	<u>\$ 22,503</u>