

Organization of Saskatchewan Arts Councils
Financial Statements
July 31, 2018

Management's Responsibility

To the Members of Organization of Saskatchewan Arts Councils:

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 and ensuring that all information in the annual report is consistent with the statements. 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 neither management nor employees of the Organization. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. 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.

September 26, 2018



Executive Director



Accountant

Independent Auditors' Report

To the Members of Organization of Saskatchewan Arts Councils:

We have audited the accompanying financial statements of Organization of Saskatchewan Arts Councils, which comprise the statement of financial position as at July 31, 2018, and the statements of operations and changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Organization of Saskatchewan Arts Councils as at July 31, 2018 and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Regina, Saskatchewan

September 26, 2018

MNP LLP

Chartered Professional Accountants

Organization of Saskatchewan Arts Councils

Statement of Financial Position

As at July 31, 2018

	2018	2017
Assets		
Current		
Cash	804,305	512,557
Accounts receivable	19,779	10,851
Marketable securities (Note 3)	153,234	151,539
Accrued interest	1,388	826
Prepaid expenses and deposits	11,511	3,529
	990,217	679,302
Property and equipment (Note 4)	5,931	3,237
	996,148	682,539
Liabilities		
Current		
Accounts payable and accruals	28,380	24,317
Deferred contributions (Note 5)	362,000	-
Unearned Revenue (Note 6)	24,278	17,473
	414,658	41,790
Net Assets		
Invested in property and equipment	5,931	3,237
Internally Restricted for Catastrophic Artist Cancellation (Note 7)	50,000	50,000
Internally Restricted for Emergency Wind Down (Note 7)	525,559	587,512
	581,490	640,749
	996,148	682,539

Approved on behalf of the Board




The accompanying notes are an integral part of these financial statements

Organization of Saskatchewan Arts Councils
Statement of Operations
For the year ended July 31, 2018

	2018	2017
Revenue		
Grant revenue		
Grants from Sask Lotteries Global Funding	702,000	682,000
Saskatchewan Arts Board - Prairie Debut	-	7,500
Grants from Government of Canada - Canadian Heritage	55,000	55,000
	757,000	744,500
Self generated		
Membership Fees	10,860	10,760
Conferences	57,261	59,734
Finders/booking fees	17,833	15,264
Visual arts exhibition fees	13,400	12,325
Performing artist fees	566,283	525,538
Publicity materials	7,130	8,000
Fundraising	3,313	3,475
Donations	113	2,285
Other revenue	5,722	4,395
	681,915	641,776
Total revenue	1,438,915	1,386,276
Administration		
Amortization	2,969	1,836
Office	80,559	80,038
Personnel	384,351	359,437
	467,879	441,311
Travel and meetings	51,288	49,623
Corporate business	11,840	11,385
Communications	10,305	6,771
Programs/services		
Showcase	98,183	103,390
Performing Arts	665,284	622,154
Visual Arts	89,191	84,695
Volunteer leadership development	21,931	15,951
	874,589	826,190
Other expenses		
Office renovations	76,388	-
50th anniversary	5,885	-
	82,273	-
Total expenses	1,498,174	1,335,280
(Deficiency) excess of revenue over expenses	(59,259)	50,996

The accompanying notes are an integral part of these financial statements

Organization of Saskatchewan Arts Councils Statement of Changes in Net Assets

For the year ended July 31, 2018

	<i>Invested in property and equipment</i>	<i>Unrestricted</i>	<i>Internally Restricted for Catastrophic Artist Cancellation</i>	<i>Internally Restricted for Emergency Wind Down</i>	2018	<i>2017</i>
Net assets, beginning of year	3,237	-	50,000	587,512	640,749	589,753
(Deficiency) excess of revenue over expenses	-	(59,259)	-	-	(59,259)	50,996
Amortization expense	(2,969)	2,969	-	-	-	-
Transfer to property and equipment (Note 7)	5,663	-	-	(5,663)	-	-
Transfer to (from) Emergency Wind Down (Note 7)	-	56,290	-	(56,290)	-	-
Net assets, end of year	5,931	-	50,000	525,559	581,490	640,749

The accompanying notes are an integral part of these financial statements

Organization of Saskatchewan Arts Councils
Statement of Cash Flows
For the year ended July 31, 2018

	2018	2017
Cash provided by (used for) the following activities		
Operating		
(Deficiency) excess of revenue over expenses	(59,259)	50,996
Amortization	2,969	1,836
	(56,290)	52,832
Changes in working capital accounts		
Accounts receivable	(8,928)	(5,328)
Accrued interest	(562)	(210)
Prepaid expenses and deposits	(7,982)	14
Accounts payable and accruals	4,063	(4,560)
Deferred contributions - grants	362,000	-
Unearned revenue	6,805	(3,851)
	299,106	38,897
Investing		
Purchase of marketable securities	(1,695)	(51,539)
Purchase of property and equipment	(5,663)	-
	(7,358)	(51,539)
Increase (decrease) in cash resources	291,748	(12,642)
Cash resources, beginning of year	512,557	525,199
Cash resources, end of year	804,305	512,557

The accompanying notes are an integral part of these financial statements

Organization of Saskatchewan Arts Councils

Notes to the Financial Statements

For the year ended July 31, 2018

1. Purpose of the Organization

Organization of Saskatchewan Arts Councils (OSAC) (the "Organization") is a centralized administrative agency for the various community arts councils and school centres throughout the province. It negotiates contracts with performers and charges the arts councils and school centres on a per show basis for the performances they host. OSAC also hosts visual arts provincial adjudication and tours exhibitions around the province. Yearly activities include the Showcase. OSAC is registered as a Charitable Foundation with Canada Revenue Agency and is exempt from income tax

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations 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 three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Capital 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.

Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives. No amortization is taken in the year of disposal. Gains or losses on the disposal of individual assets are recognized in income in the year of disposal. It is expected that these procedures will charge operations with the total cost of the assets over the useful life of the assets.

	Method	Rate
Office equipment	straight-line	5 years

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 useful lives of property and equipment.

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.

Revenue recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions and other revenue are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Self generated revenue is recognized as revenue in the year it is earned.

Contributed materials and services

The Organization receives contributed materials and services from a number of sources which are used in the normal operations of the Organization. Contributed materials and services are not recognized in the financial statements due to the difficulty in determining their fair value.

Organization of Saskatchewan Arts Councils

Notes to the Financial Statements

For the year ended July 31, 2018

Financial instruments

The Organization recognizes its financial instruments when the Organization becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

All financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at amortized cost or 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, 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. If so, the Organization 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 revenues over expenses.

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 the excess of revenue over expenses in the year the reversal occurs.

3. Marketable securities

	2018	2017
Home Trust Company GIC expires March 8, 2019; maturity yields 2.2%	53,234	100,000
Van City GIC expires March 8, 2019; maturity yield 2.2%	100,000	-
Canadian Western Bank GIC expires May 3, 2018; maturity yield 1.28%	-	51,539
	153,234	151,539

4. Property and equipment

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Office equipment	211,556	205,625	5,931	3,237

5. Deferred contributions

Deferred contributions consist of \$362,000 (2017 - \$nil) relating to grants received in advance, relating to the next fiscal year.

6. Unearned revenue

Unearned revenue consists of \$24,278 (2017 - \$15,134) relating to prepaid showcase fees, \$nil (2017 - \$2,249) for prepaid performance fees and \$nil (2017 - \$90) for school and membership fees.

Organization of Saskatchewan Arts Councils

Notes to the Financial Statements

For the year ended July 31, 2018

7. Internally restricted net assets

OSAC 's Board of Directors internally restricted the following net assets to be held for:

Catastrophic artist cancellation

In 2014, OSAC established a catastrophic artist cancellation reserve for the purpose of compensating an Arts Council in the event of catastrophic artist cancellation. These internally restricted amounts are not available for unrestricted purposes without the approval of the board of directors.

Emergency wind down

In 2014, OSAC established an emergency wind down reserve to be used in the event of cessation of operations of OSAC as an organization. These internally restricted amounts are not available for unrestricted purposes without the approval of the board of directors. The board approved the transfer of \$56,290 to cover the deficit and \$5,663 to cover the purchase of furnishings and equipment.

8. Commitments

OSAC is committed under an operating lease for premises with a payment of \$4,247 per month expiring October 31, 2022. OSAC also has an equipment lease with quarterly payments of \$441 expiring on May 21, 2019. OSAC also entered into a lease agreement with Sasktel for phone service. OSAC has agreed to pay \$439 per month for phone and other bundled services, expiring July 14, 2021.

Estimated minimum annual payments as follows:

2019	57,966
2020	56,232
2021	56,232
2022	50,964
2023	12,741
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	234,135

9. Economic dependence

OSAC receives a substantial amount of its revenue, 48% (2017 - 49%), in the form of grants from Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation, applied for through SaskCulture. These grants must be applied for every third year.

10. Employee future benefits

OSAC has made contributions of \$19,717 (2017 - \$17,836) to a defined contribution benefit plan. These contributions are expensed as incurred.

11. Financial instruments

OSAC, as part of its operations, carries a number of financial instruments. It is management's opinion that OSAC is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

12. Administered funds

In 2014, OSAC entered into an agreement with Ticketpro to support art councils online ticket sales. Amounts for ticket sales flow from Ticketpro through OSAC, directly out to the arts councils. During 2018, \$8,708 was administered through the organization.