

Organization of Saskatchewan Arts Councils
Financial Statements
July 31, 2019

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 23, 2019



Executive Director



Accountant

Independent Auditor's Report

To the of Organization of Saskatchewan Arts Councils:

Opinion

We have audited the financial statements of Organization of Saskatchewan Arts Councils (the "Organization"), which comprise the statement of financial position as at July 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 the Organization as at July 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 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.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management 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.

Independent Auditor's Report Continued

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

September 23, 2019

MNP LLP

Chartered Professional Accountants

Organization of Saskatchewan Arts Councils

Statement of Financial Position

As at July 31, 2019

	2019	2018
Assets		
Current		
Cash	463,189	804,305
Accounts receivable	3,895	19,779
Marketable securities (Note 3)	159,957	153,234
Accrued interest	1,574	1,388
Prepaid expenses and deposits	9,734	11,511
	638,349	990,217
Property and equipment (Note 4)	3,875	5,931
	642,224	996,148
Liabilities		
Current		
Accounts payable and accruals	22,221	28,380
Deferred contributions (Note 5)	-	362,000
Unearned Revenue (Note 6)	20,372	24,278
	42,593	414,658
Net Assets		
Invested in property and equipment	3,875	5,931
Unrestricted	20,197	-
Internally Restricted for Catastrophic Artist Cancellation (Note 8)	50,000	50,000
Internally Restricted for Emergency Wind Down (Note 8)	525,559	525,559
	599,631	581,490
	642,224	996,148

Approved on behalf of the Board


Director


Director

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, 2019

	2019	2018
Revenue		
Grant revenue		
Sask Lotteries Global Funding	724,000	702,000
Government of Canada - Canadian Heritage	50,000	55,000
	774,000	757,000
Self generated		
Membership Fees	10,770	10,860
Conferences	64,280	57,261
Finders/booking fees	17,848	17,833
Visual arts exhibition fees	12,450	13,400
Performing artist fees	646,479	566,283
Publicity materials	7,030	7,130
Fundraising	4,293	3,313
Interest Income	9,807	5,722
Other Revenue	9,652	113
	782,609	681,915
Total revenue	1,556,609	1,438,915
Administration		
Amortization	2,057	2,969
Office	82,490	80,559
Personnel	402,027	384,351
	486,574	467,879
Travel and meetings	50,973	51,288
Corporate business	12,179	11,840
Communications	5,433	10,305
Programs/services		
Showcase	103,317	98,183
Performing Arts	744,338	665,284
Visual Arts	103,660	89,191
Volunteer leadership development	21,566	21,931
	972,881	874,589
Other expenses		
Office renovations	-	76,388
50th anniversary	10,429	5,885
	10,429	82,273
Total expenses	1,538,469	1,498,174
Excess (deficiency) of revenue over expenses	18,140	(59,259)

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, 2019

	<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>	2019	2018
Net assets, beginning of year	5,932	-	50,000	525,559	581,491	640,750
Excess (deficiency) of revenue over expenses	-	18,140	-	-	18,140	(59,259)
Amortization expense	(2,057)	2,057	-	-	-	-
Net assets, end of year	3,875	20,197	50,000	525,559	599,631	581,491

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, 2019

	2019	2018
Cash provided by (used for) the following activities		
Operating		
Excess (deficiency) of revenue over expenses	18,140	(59,259)
Amortization	2,057	2,969
	20,197	(56,290)
Changes in working capital accounts		
Accounts receivable	15,884	(8,928)
Accrued interest	(186)	(562)
Prepaid expenses and deposits	1,777	(7,982)
Accounts payable and accruals	(6,159)	4,063
Deferred contributions - grants	(362,000)	362,000
Unearned revenue	(3,906)	6,805
	(334,393)	299,106
Investing		
Purchase of marketable securities	(6,723)	(1,695)
Purchase of property and equipment	-	(5,663)
	(6,723)	(7,358)
(Decrease) increase in cash resources	(341,116)	291,748
Cash resources, beginning of year	804,305	512,557
Cash resources, end of year	463,189	804,305

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, 2019

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, 2019

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

	2019	2018
Home Trust Company GIC expires March 13, 2020; maturity yield 2.44%	59,957	-
Van City GIC expires March 13, 2020; maturity yield 2.5%	100,000	-
Home Trust Company GIC expired March 8, 2019; maturity yield 2.2%	-	53,234
Van City GIC expired March 8, 2019; maturity yield 2.2%	-	100,000
	159,957	153,234

4. Property and equipment

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Office equipment	211,556	207,681	3,875	5,931

5. Deferred contributions

Deferred contributions consist of \$nil (2018 - \$362,000) relating to grants received in advance, relating to the next fiscal year.

6. Unearned revenue

Unearned revenue consists of \$18,572 (2018 - \$24,278) relating to prepaid showcase fees, \$1,750 (2018 - \$nil) for prepaid performance fees and \$50 (2018 - \$nil) for school and membership fees.

7. Operating Line of Credit

The Organization has an approved operating line of credit with a limit of \$50,000, bearing interest at prime + 1.25%, of which \$nil has been drawn in the current year.

Organization of Saskatchewan Arts Councils

Notes to the Financial Statements

For the year ended July 31, 2019

8. 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. The board approved a transfer to the reserves of \$nil in 2019 (2018 - from the reserves of \$61,953).

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.

9. Commitments

OSAC is committed under an operating lease for premises with a payment of \$4,326 per month expiring October 31, 2022. OSAC also has an equipment lease with quarterly payments of \$441 expiring on March 22, 2023. 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:

2020	58,944
2021	58,944
2022	53,676
2023	1,764
	<hr/>
	173,328

10. Economic dependence

OSAC receives a substantial amount of its revenue, 50% (2018 - 48%), 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.

11. Employee future benefits

OSAC has made contributions of \$21,958 (2018 - \$19,717) to a defined contribution benefit plan. These contributions are expensed as incurred.

12. 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.

13. 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 2019, \$5,241 was administered through the organization.