

Organization of Saskatchewan Arts Councils
Financial Statements
July 31, 2023

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. 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 and Audit Committee are composed entirely of Directors who are 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 fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Committee 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 may meet periodically and separately with, both the Committee and management to discuss their audit findings.

September 19, 2023



Executive Director



Accountant

To the Members 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, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at July 31, 2023, 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

September 19, 2023

MNP LLP

Chartered Professional Accountants

Organization of Saskatchewan Arts Councils

Statement of Financial Position

As at July 31, 2023

	2023	2022
Assets		
Cash		
Cash	559,344	900,982
Accounts receivable	5,446	10,065
Marketable securities (Note 3)	184,575	179,563
Prepaid expenses and deposits (Note 4)	3,029	9,608
	752,394	1,100,218
Capital assets (Note 5)	3,708	4,813
	756,102	1,105,031
Liabilities		
Current		
Accounts payable and accruals	39,914	36,375
Deferred grant (Note 6)	-	362,000
Unearned revenue (Note 7)	15,603	17,384
	55,517	415,759
Net Assets		
Invested in capital assets	3,708	4,813
Unrestricted	71,318	58,900
Internally Restricted for Catastrophic Artist Cancellation	50,000	50,000
Internally Restricted for Emergency Wind Down	525,559	525,559
Internally Restricted for Creation of a Diversity Advisory Committee	50,000	50,000
	700,585	689,272
	756,102	1,105,031

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, 2023

	2023	2022
Revenue		
Grant revenue		
Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation	724,000	724,000
SaskCulture - Special Initiatives Fund	10,000	-
Government of Canada - Canadian Heritage	90,000	100,000
	824,000	824,000
Self generated		
Performing artist fees	538,450	411,329
Conference	62,568	-
Investment income	28,410	8,661
Finders/booking fees	14,928	12,140
Visual arts exhibition fees	12,050	10,400
Membership Fees	10,043	10,060
Publicity materials	3,585	6,325
Miscellaneous (Note 14)	2,993	7,678
Donations	1,961	2,225
Fundraising	1,557	586
Realized loss on disposal of investments	-	(10,521)
	676,545	458,883
Total revenue	1,500,545	1,282,883
Administration		
Personnel	473,985	447,236
Office	92,007	84,953
Amortization	2,054	2,997
	568,046	535,186
Travel and meetings	51,666	33,276
Corporate business	15,931	15,209
Communications	30,988	18,414
Programs/services		
Performing Arts	599,493	499,869
Showcase	102,367	319
Visual Arts	94,893	88,035
Special project administration (Note 14)	15,476	3,850
Volunteer leadership development	10,372	21,772
	822,601	613,845
Total expenses	1,489,232	1,215,930
Excess of revenue over expenses	11,313	66,953

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, 2023

	<i>Invested in capital assets</i>	<i>Unrestricted</i>	<i>Internally Restricted for Catastrophic Artist Cancellation</i>	<i>Internally Restricted for Emergency Wind Down</i>	<i>Internally Restricted for Creation of a Diversity Advisory Committee</i>	2023	<i>2022</i>
Net assets, beginning of year	4,813	58,900	50,000	525,559	50,000	689,272	622,319
Excess of revenue over expenses	-	11,313	-	-	-	11,313	66,953
Amortization expense	(2,054)	2,054	-	-	-	-	-
Purchase of capital assets	949	(949)	-	-	-	-	-
Net assets, end of year	3,708	71,318	50,000	525,559	50,000	700,585	689,272

The accompanying notes are an integral part of these

Organization of Saskatchewan Arts Councils
Statement of Cash Flows
For the year ended July 31, 2023

	2023	2022
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	11,313	66,953
Amortization	2,054	2,997
Loss on disposal of investments	-	10,521
	13,367	80,471
Changes in working capital accounts		
Accounts receivable	4,619	(3,202)
Prepaid expenses and deposits	6,579	21,187
Accounts payable and accruals	3,539	8,748
Deferred contributions - grants	(362,000)	322,000
Grants repayable	-	(34,609)
Unearned revenue	(1,781)	12,884
	(335,677)	407,479
Investing		
Purchase of marketable securities	(130,012)	(128,739)
Proceeds on disposal of marketable securities	125,000	80,186
Purchase of property and equipment	(949)	-
	(5,961)	(48,553)
(Decrease) increase in cash resources	(341,638)	358,926
Cash resources, beginning of year	900,982	542,056
Cash resources, end of year	559,344	900,982

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, 2023

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 Conference. 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.

Marketable securities

Marketable securities are measured at cost less impairment.

Capital assets

Purchased equipment 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.

	Rate
Office equipment	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 capital 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.

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, 2023

2. Significant accounting policies (continued from previous page)

Financial instruments

The Organization recognizes financial instruments when the Organization becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Organization may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Organization has not made such an election during the year.

The Organization subsequently measures all financial assets and liabilities at amortized cost.

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 its financial assets measured at cost or amortized cost. The Organization groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group. Management considers whether the issuer is having significant financial difficulty; whether there has been a breach in contract, such as a default or delinquency in interest or principal payments; etc. in determining whether objective evidence of impairment exists. 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.

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 at the statement of financial position date; 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.

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

3. Marketable securities

	2023	2022
Fixed Income		
Manulife Strategic Income Fund	3,535	3,423
Pimco Monthly Income Fund	4,410	4,323
Bank of Montreal GIC due May 17, 2023, maturity yield 3.41%	-	125,000
Bank of Montreal GIC due May 21, 2024, maturity yield 5.07%	64,500	-
Bank of Montreal Mortgage Corp GIC due May 21, 2024, maturity yield 5.07%	64,500	-
Total Fixed Income	136,945	132,746
Equities		
BMO Low Volatility Canadian Equity	18,485	18,156
BMO Low Volatility US Equity	17,329	16,977
Capital Group Global Equity	11,836	11,664
Equities	47,650	46,797
	184,595	179,543

Organization of Saskatchewan Arts Councils

Notes to the Financial Statements

For the year ended July 31, 2023

4. Prepaid expenses and deposits

	2023	2022
TicketPro	-	6,150
Other	1,190	1,326
Showcase	1,839	2,132
	3,029	9,608

5. Capital assets

	2023	2022
	Cost	Accumulated amortization
	Net book value	Net book value
Office equipment	25,115	21,407
	3,708	4,813

6. Deferred grants

Deferred contributions consist of unspent contributions externally restricted by the Government of Canada - Canadian Heritage for specified program delivery. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made. Changes in the deferred grants are as follows:

	2023	2022
Balance, beginning of year	362,000	40,000
Amount received during the year	-	362,000
Less: Amount recognized as revenue during the year	(362,000)	(40,000)
Balance, end of year	-	362,000

7. Unearned revenue

Unearned revenue consists of \$7,000 (2022 - \$8,400) relating to showcase sponsorship revenue, \$3,128 (2022 - \$2,939) for prepaid registration fees, \$5,475 (2022 - \$4,695) for showcase application fees, and \$nil (2022 - \$1,350) for showcase advertising fees.

8. 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, 2023

9. 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 2023 (2022 - \$nil).

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.

Creation of a Diversity Advisory Committee

On September 18, 2022, OSAC established the Creation of a Diversity Advisory Committee reserve. This reserve will fund the expenditures incurred by the Advisory Committee in carrying out its mandate, such as travel, meeting space, honorariums, etc. 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 reserve of \$nil in 2023 (2022 - \$50,000).

10. Commitments

As part of its normal operations, OSAC has entered into office and equipment lease commitments with estimated annual payments as follows:

2024	65,112
2025	66,489
2026	67,632
2027	63,282
2028	17,482

11. Economic dependence

OSAC receives a substantial amount of its revenue, 54% (2022 - 64%), 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.

12. Employee future benefits

OSAC has made contributions of \$27,492 (2022 - \$23,636) to a defined contribution benefit plan. These contributions are expensed as incurred.

13. 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.

Organization of Saskatchewan Arts Councils

Notes to the Financial Statements

For the year ended July 31, 2023

14. I Want To Showcase

In April 2022, OSAC took over administration duties of I Want To Showcase, an internet portal used by agents and managers to apply for Showcase conferences, that is operated as a coop by a consortium of network partners across Canada and the U.S. This decision was made to ensure the continued success of the platform and was based on the capacity that OSAC has. OSAC is responsible for the invoicing of the partners and payments made to the developer based on decisions made by the partners. OSAC does not take an administration fee, and all monies are held in trust of the partners. Fees collected from the partners totalling \$2,993 (2022 - \$7,678) are included in miscellaneous revenue and expenses totalling \$9,326 (2022 - \$nil) are included in special project administration expenses.