

2019 Audited Financial Statements

Civic Boards

TCU Place

SaskTel Centre

Remai Modern

**THE CENTENNIAL AUDITORIUM &
CONVENTION CENTRE CORPORATION**

FINANCIAL STATEMENTS

December 31, 2019



KPMG LLP
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INDEPENDENT AUDITORS' REPORT

To the Member of The Centennial Auditorium & Convention Centre Corporation

Opinion

We have audited the financial statements of The Centennial Auditorium & Convention Centre Corporation (the Corporation), which comprise:

- the statement of financial position as at December 31, 2019
- the statement of operations for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies (Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2019 and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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 "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Corporation 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 public sector accounting standards 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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 the 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 Corporation'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 Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Corporation 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.
- 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.

KPMG LLP

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a long, horizontal, slightly curved line that tapers at both ends, serving as a decorative underline.

Chartered Professional Accountants

Saskatoon, Canada

March 26, 2020

THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION
STATEMENT OF FINANCIAL POSITION
As at December 31, 2019, with comparative information for 2018


	2019	2018
FINANCIAL ASSETS		
Cash	\$ 5,365,543	\$ 5,772,425
Investments (note 3)	10,040,400	10,020,000
Accounts receivable (note 4 and 11)	<u>1,554,539</u>	<u>1,293,020</u>
	<u>\$ 16,960,482</u>	<u>\$ 17,085,445</u>
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities (note 11)	\$ 2,061,748	\$ 2,640,889
Rental deposits	449,632	530,005
Advance ticket sales (note 5)	1,000,685	1,447,602
Deferred revenue (note 6)	<u>1,476,619</u>	<u>1,669,439</u>
	<u>4,988,684</u>	<u>\$ 6,287,935</u>
NET FINANCIAL ASSETS	\$ 11,971,798	\$ 10,797,510
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 3)	\$ 2,959,211	2,931,368
Inventory	74,813	85,351
Prepaid expenses and deferred charges	<u>68,949</u>	<u>62,014</u>
	<u>3,102,973</u>	<u>3,078,733</u>
ACCUMULATED SURPLUS (Schedule 2)	<u>\$ 15,074,771</u>	<u>\$ 13,876,243</u>

Contractual rights (note 7)

Commitments to the City of Saskatoon (note 8)

The accompanying notes and supplementary schedules are an integral part of these financial statements.

Approved by the Board:


 _____ Director


 _____ Director

THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION
STATEMENT OF OPERATIONS
Year ended December 31, 2019, with comparative information for 2018

	Budget (Note 13)	2019	2018
OPERATING REVENUE			
Sales	\$ 10,731,384	\$ 10,683,322	\$ 9,942,061
Sponsorships	366,711	364,206	375,830
Interest income	<u>314,797</u>	<u>368,593</u>	<u>298,785</u>
	<u>11,412,892</u>	<u>11,416,121</u>	<u>\$ 10,616,676</u>
OPERATING EXPENDITURES			
Direct (Schedule 1)	\$ 6,195,189	\$ 6,093,248	5,702,771
Plant maintenance (Schedule 1)	2,198,644	2,213,753	2,012,731
Administration (Schedule 1)	1,339,498	1,290,819	1,209,612
Amortization (Schedule 3)	<u>469,046</u>	<u>393,735</u>	<u>395,815</u>
	<u>10,202,377</u>	<u>9,991,555</u>	<u>9,320,929</u>
OPERATING MARGIN	\$ 1,210,515	\$ 1,424,566	\$ 1,295,747
OTHER REVENUE AND EXPENDITURES			
Funding by City of Saskatoon	500,000	500,000	500,000
Reimbursement to City of Saskatoon (note 8 and 11)	<u>(726,038)</u>	<u>(726,038)</u>	<u>(725,649)</u>
SURPLUS OF REVENUE OVER EXPENDITURES	\$ 984,477	\$ 1,198,528	\$ 1,070,098
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>13,876,243</u>	<u>13,876,243</u>	<u>12,806,145</u>
ACCUMULATED SURPLUS, END OF YEAR (Schedule 2)	<u>\$ 14,860,720</u>	<u>\$ 15,074,771</u>	<u>\$ 13,876,243</u>

The accompanying notes and supplementary schedules are an integral part of these financial statements.

THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
Year ended December 31, 2019, with comparative information for 2018

	Budget (Note 13)	2019	2018
Surplus of revenue over expenditures	\$ 984,478	\$ 1,198,528	1,070,098
Acquisition of tangible capital assets	(1,269,206)	(421,578)	(338,427)
Amortization of tangible capital assets	469,046	393,735	395,815
Loss on disposal of tangible capital assets	<u>-</u>	<u>-</u>	<u>2,264</u>
	184,318	1,170,685	1,129,750
Use of inventory	-	10,538	9,477
Acquisition of prepaid expenses and deferred charges	-	(6,935)	(3,926)
CHANGE IN NET FINANCIAL ASSETS	184,318	1,174,288	1,135,301
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>10,797,510</u>	<u>10,797,510</u>	<u>9,662,209</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>\$ 10,981,828</u>	<u>\$ 11,971,798</u>	<u>\$ 10,797,510</u>

The accompanying notes and supplementary schedules are an integral part of these financial statements.

THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION
STATEMENT OF CASH FLOWS
Year ended December 31, 2019, with comparative information for 2018

	2019	2018
OPERATING ACTIVITIES		
Surplus of revenue over expenditures	\$ 1,198,528	1,070,098
Non-cash items included in surplus for the year		
Amortization	393,735	395,815
Loss on disposal of tangible capital assets	-	2,264
Changes in non-cash working capital relating to operations		
Accounts receivable	(261,519)	1,350
Inventory	10,538	9,477
Prepaid expenses and deferred charges	(6,935)	(3,926)
Accounts payable and accrued liabilities	(579,141)	521,610
Rental deposits	(80,373)	8,428
Advance ticket sales	(446,917)	158,275
Deferred revenue	(192,820)	(181,641)
	<u>35,096</u>	<u>1,981,750</u>
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	<u>\$ (421,578)</u>	<u>\$ (338,427)</u>
	<u>(421,578)</u>	<u>(338,427)</u>
INVESTING ACTIVITIES		
Purchases of investments	\$ (2,020,400)	(3,020,000)
Investment maturities	<u>2,000,000</u>	<u>2,000,000</u>
	<u>(20,400)</u>	<u>(1,020,000)</u>
NET INCREASE (DECREASE) IN CASH	(406,882)	623,323
CASH POSITION, BEGINNING OF YEAR	<u>5,772,425</u>	<u>5,149,102</u>
CASH POSITION, END OF YEAR	<u>\$ 5,365,543</u>	<u>\$ 5,772,425</u>
CASH INTEREST INCLUDED IN SURPLUS OF REVENUE OVER EXPENDITURES		
Interest received	248,929	248,988
Interest paid to City of Saskatoon	(100,280)	(127,749)

The accompanying notes and supplementary schedules are an integral part of these financial statements.

THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
year ended December 31, 2019

1. AUTHORITY AND PURPOSE

The Centennial Auditorium & Convention Centre Corporation (the “Corporation”) operates TCU Place, Saskatoon’s Arts and Convention Centre, on behalf of its sole member, the City of Saskatoon.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Corporation are prepared by management in accordance with Canadian public sector accounting standards (“PSAS”) for local governments.

Significant aspects of the accounting policies adopted by the Corporation are as follows:

Measurement Uncertainty

The preparation of the financial statements in conformity with PSAS requires management to make estimates and assumptions that affect 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 revenue and expenditures during the year.

Items requiring the use of significant estimates include determination of uncollectible accounts receivable, useful lives of tangible capital assets and related amortization.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents consists of cash on hand, and highly liquid short-term investments that upon acquisition have a term to maturity of three months or less.

Investments

Investments consist of term deposits and guaranteed investment certificates made to obtain a return on a temporary basis with maturity term of three months or greater.

THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
year ended December 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, design, construction, development, improvement or betterment of the asset.

The costs, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Caretaking and Maintenance	5 to 20 years
Computer	5 to 15 years
Kitchen	8 to 40 years
Theatre	10 to 100 years
Sound	10 to 20 years
Lighting	10 to 40 years

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Corporation's ability to provide goods and services, or when the value of the future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expense in the statement of operations.

The TCU Place Saskatoon's Arts and Convention Centre building is owned and maintained by the City of Saskatoon.

Inventory

Inventory consists of merchandise held for resale and are stated at the lower of cost and net realizable value. Cost is determined on a first in first out basis.

Financial instruments

Financial instruments of the Corporation include cash, investments, accounts receivable and accounts payable and accrued liabilities. All financial instruments are measured at cost or amortized cost.

Transaction costs are a component of cost for financial instruments measured using cost or amortized cost.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

All financial assets are assessed annually for impairment. When there has been a loss in value of a portfolio investment that is other than a temporary decline, the investment is written down to recognize the loss. The Corporation considers the recoverable amount

THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
year ended December 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

of other financial assets and records a valuation allowance where necessary to reduce reported amounts of financial assets to their net realizable value.

Accounts receivable are initially reported on the statement of financial position at cost. A valuation allowance is used to reflect receivables at the lower of cost and net recoverable value.

Revenue Recognition

All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized, any eligibility criteria are met and reasonable estimates of the amounts can be made except to the extent that the transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor and are recognized as revenue when used for the specified purpose.

Unrestricted contributions and pledges are recognized as revenue when received. Gifts in kind are recorded at the fair market value on the date of their donations if they meet the Corporation's criteria for capitalization. Other in-kind donations of material and services are not recognized in these financial statements.

Revenue from events is recognized in the period that the event takes place, except for box office service charges that are recognized when tickets are sold. Sponsorship revenue is recognized on a straight line basis over the term of the contract. All other revenues are recognized in the period in which the underlying goods and services are delivered.

Employee Pension Plans

Employees of the Corporation participate in the City of Saskatoon's Superannuation Defined Benefit Pension Plan. The Corporation follows defined contribution accounting standards specific to a multi-employer plan for its participation in the plan whereby the Corporation's contributions are expensed when due.

THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
year ended December 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reserves

The capital expansion reserve is used to accumulate funds for eligible capital expenditures which will enhance the Corporation's existing range and quality of services.

The equipment replacement reserve is used to accumulate funds for the purpose of equivalent replacement of programming equipment not covered under other reserves.

The stabilization reserve is used to accumulate funds for the purpose of offsetting any operating deficits of the Corporation to a maximum of 5% of sales with any excess being transferred to the capital expansion reserve.

New Accounting Standards

The Corporation adopted the new accounting standard, PS 3430 Restructuring Transactions, during the year ended December 31, 2019, as issued by the Public Sector Accounting Board. The new standard did not have any impact on the financial statements.

3. INVESTMENTS

	<u>2019</u>	<u>2018</u>
Guaranteed Investment Certificate 3.09% maturing January 29, 2024	\$ 2,000,000	\$ -
Guaranteed Investment Certificate 3.09% maturing May 1, 2023	1,000,000	1,000,000
Guaranteed Investment Certificate 2.65% maturing January 30, 2023	2,000,000	2,000,000
Term Deposit 2.00% maturing February 28, 2022	1,040,400	1,020,000
Term Deposit 1.75% maturing April 28, 2021	1,000,000	1,000,000
Term Deposit 1.75% maturing January 28, 2021	1,000,000	1,000,000
Term Deposit, 1.80%, maturing April 28, 2020	1,000,000	1,000,000
Term Deposit, 1.80%, maturing January 28, 2020	1,000,000	1,000,000
Term Deposit, 2.15%, maturing April 5, 2019	-	1,000,000
Term Deposit 1.65%, maturing January 28, 2019	-	1,000,000
	<u>\$ 10,040,400</u>	<u>\$ 10,020,000</u>

THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
year ended December 31, 2019

4. ACCOUNTS RECEIVABLE

	<u>2019</u>	<u>2018</u>
Trade receivables	\$ 718,776	\$ 774,973
Funding receivable from the City of Saskatoon	500,000	300,000
Interest receivable	292,177	175,010
Other receivables	50,774	50,787
Allowance for doubtful accounts	<u>(7,188)</u>	<u>(7,750)</u>
	<u>\$ 1,554,539</u>	<u>\$ 1,293,020</u>

5. ADVANCE TICKET SALES

Advance ticket sales represent monies received in advance for events that have not yet taken place. Funds are held in trust by the Corporation and forwarded to the promoter upon settlement of the events. Contracts with promoters do not require the segregation of these monies from the on-going operating funds of the Corporation.

6. DEFERRED REVENUE

Deferred revenue represents funds received in advance for sponsorship contracts which will be recognized over terms of contracts ranging from 1 to 5 years. Funds received for naming rights will be recognized over 10 years as sponsorship revenue.

	<u>2019</u>	<u>2018</u>
Sponsorship contracts	\$ 98,494	\$ 94,439
Naming rights	<u>1,378,125</u>	<u>1,575,000</u>
	<u>\$ 1,476,619</u>	<u>\$ 1,669,439</u>

THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
year ended December 31, 2019

7. CONTRACTUAL RIGHTS

The Corporation has a number of outstanding agreements that contain rights to receive future fixed payments. The nature of these contractual rights, and the payments due in each of the next five years and thereafter are as follows:

	Corporate Box Payments	Sponsorship Payments	Digital Signage Payments	Total
2020	\$ 59,000	\$ 67,000	\$ 12,000	\$ 138,000
2021	59,000	-	12,000	71,000
2022	-	-	12,000	12,000
2023	-	-	12,000	12,000
2024	-	-	12,000	12,000
Thereafter	-	-	40,000	40,000
Total	\$ 118,000	\$ 67,000	\$ 100,000	\$ 285,000

8. COMMITMENTS TO THE CITY OF SASKATOON

In connection with the productivity improvements and expansion done to the facility managed and operated by the Corporation, the Corporation agreed to reimburse the City of Saskatoon for a portion of the incurred costs. The reimbursement for these improvements to the facility, which is owned by the City of Saskatoon, are due in each of the next three years as follows:

2020	\$ 725,732
2021	725,270
2022	87,423
	<u>\$ 1,538,425</u>

9. PENSION

Employees of the Corporation participate in the City of Saskatoon's Superannuation Defined Benefit Pension Plan. The City of Saskatoon is responsible for the plan, and therefore the Corporation's obligation to the plan is limited to making required payments to match amounts contributed by employees for current services. Pension expense for the year amounted to \$221,649 (2018 - \$220,048) and is included in salaries and benefits expense.

THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
year ended December 31, 2019

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Corporation is exposed to financial risks from its financial assets and liabilities. These risks include credit risk, liquidity risk, and market risk.

Credit risk

The Corporation is exposed to the risk resulting from the possibility that parties may default on their financial obligations. Credit risk related to investments is minimized by dealing with institutions that have strong credit ratings. Credit risk associated with potential non-payment of accounts receivable from customers is minimized by proactive credit and collections management. The Corporation does not have significant exposure to any one customer and bad debts have historically been minimal. Other receivables primarily represent annual funding amounts due from the City of Saskatoon and the risk associated with this is not considered to be significant.

As at December 31, 2019 the Corporation had \$65,864 of overdue receivables that are not impaired in the financial statements (2018 - \$73,196). It is management's best estimate that the amounts are collectible.

Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they come due. The Corporation manages liquidity risk by maintaining adequate cash balances and implementing budgeting and monitoring processes.

All financial liabilities recognized in the financial statements are due within one year of the reporting date. As at December 31, 2019, the Corporation had sufficient working capital to meet current obligations as they are due.

Market risk

Market risk consists primarily of interest rate risk and is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation's interest rate risk exposure relates to cash and investments. The impact of changes in interest rates is mitigated by investing in term deposits and guaranteed investment certificates for shorter terms at fixed interest rates. The contribution of investment income to the Corporation's overall revenue is not significant.

11. RELATED PARTY TRANSACTIONS

Included in these financial statements are transactions with the City of Saskatoon (the sole member of the Corporation) as well as with SaskTel Centre, which is related to the Corporation by virtue of common control by the City of Saskatoon (collectively

THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
year ended December 31, 2019

11. RELATED PARTY TRANSACTIONS (CONTINUED)

referred to as “related parties”). Routine operating transactions with related parties are recorded at the exchange amount.

The transactions incurred during the year and amounts outstanding at December 31 are as follows:

	<u>2019</u>	<u>2018</u>
Accounts receivable from City of Saskatoon	\$ 532,516	315,605
Accounts payable and accrued liabilities to City of Saskatoon	1,024,015	1,670,448
Revenue from events held by City of Saskatoon	113,634	130,774
Utilities expenses charged by City of Saskatoon	667,752	591,452
Insurance expense charged by City of Saskatoon	101,200	71,700
Operating grant from City of Saskatoon	500,000	500,000
Reimbursement to the City of Saskatoon	726,038	725,649

12. BUDGETED FIGURES

Budgeted figures included in the financial statements were approved by the Board of Directors on October 25, 2018 and by the City of Saskatoon Council on November 27, 2018.

13. SUBSEQUENT EVENTS

Subsequent to year-end, the Government of Saskatchewan declared a state of emergency in response to the COVID-19 global pandemic. The Corporation announced the decision to temporarily close the facility to the public from March 18, 2020 until at least April 18, 2020 in response to the advisory. This decision was made in the interest of public safety, employee safety, and the long-term sustainability of the facility. The timing of re-opening is being re-evaluated daily. Management is also currently assessing the impact of the closure with respect to the impact on future operations and financial sustainability. Several events have been postponed rather than being cancelled entirely which could mitigate losses that could be incurred as a result of the closure. The financial impact of the closure is being assessed and is currently undeterminable.

THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION
SCHEDULE OF OPERATING EXPENDITURES
Year ended December 31, 2019, with comparative information for 2018

	Budget (Note 13)	2019	2018
DIRECT			
Cost of food and beverages	\$ 2,687,902	\$ 2,699,085	\$ 2,493,680
Salaries and benefits	2,039,089	2,005,451	1,864,483
Supplies	667,706	698,922	604,287
Theatre production costs	483,718	409,899	507,306
Credit card charges	118,747	122,810	102,336
Advertising and promotion	136,349	101,308	111,170
Telephone	21,010	20,420	20,612
Other expense (recovery)	28,348	22,984	(6,030)
Equipment maintenance	9,320	6,092	5,947
Bad debts (recovery)	3,000	6,277	(1,020)
	<u>\$ 6,195,189</u>	<u>\$ 6,093,248</u>	<u>\$ 5,702,771</u>
PLANT MAINTENANCE			
Salaries and benefits	\$ 955,762	\$ 965,061	\$ 956,922
Utilities	788,525	812,849	684,459
Maintenance	310,487	293,774	260,916
Insurance	101,200	101,200	71,700
Service contracts	42,670	40,869	38,734
	<u>\$ 2,198,644</u>	<u>\$ 2,213,753</u>	<u>\$ 2,012,731</u>
ADMINISTRATION			
Salaries and benefits	\$ 1,110,910	\$ 1,110,746	\$ 1,036,095
Travel	20,401	8,376	15,148
Office supplies and equipment	39,520	30,996	22,723
Training and staff morale	37,424	37,407	33,673
IT consultant and support	39,585	23,890	21,609
Professional fees	26,500	26,500	25,672
Bank charges and interest expense	18,380	25,905	23,404
Memberships, subscriptions and licenses	10,898	9,925	9,961
Printing and postage	7,160	7,639	4,705
Board of directors	8,720	8,468	6,508
Other	20,000	967	10,114
	<u>\$ 1,339,498</u>	<u>\$ 1,290,819</u>	<u>\$ 1,209,612</u>

THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION
SCHEDULE OF RESERVES
Year ended December 31, 2019, with comparative information for 2018

	2019	2018
CAPITAL EXPANSION RESERVE		
Balance, beginning of year	\$ 5,833,876	\$ 4,910,551
Allocation from operations	230,877	230,877
Transfer from stabilization reserve	606,685	597,514
Interest earned	143,267	105,558
Expenditures	<u>(40,764)</u>	<u>(10,624)</u>
Balance, end of year	<u>\$ 6,773,941</u>	<u>\$ 5,833,876</u>
EQUIPMENT REPLACEMENT RESERVE		
Balance, beginning of year	\$ 4,613,897	\$ 4,388,189
Allocation from operations	460,648	460,648
Interest earned	113,722	92,863
Expenditures	<u>(380,814)</u>	<u>(327,803)</u>
Balance, end of year	<u>\$ 4,807,453</u>	<u>\$ 4,613,897</u>
STABILIZATION RESERVE		
Balance, beginning of year	\$ 497,102	\$ 516,385
Allocation from operations	643,749	578,231
Transfer to capital expansion reserve	<u>(606,685)</u>	<u>(597,514)</u>
Balance, end of year	<u>\$ 534,166</u>	<u>\$ 497,102</u>
TOTAL RESERVES	\$ 12,115,560	\$ 10,944,875
INVESTMENT IN TANGIBLE CAPITAL ASSETS	<u>2,959,211</u>	<u>2,931,368</u>
ACCUMULATED SURPLUS	<u>\$ 15,074,771</u>	<u>\$ 13,876,243</u>

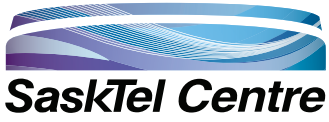
THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION
SCHEDULE OF TANGIBLE CAPITAL ASSETS
Year ended December 31, 2019, with comparative information for 2018

	Caretaking & Maintenance	Computer	Kitchen	Theatre	Sound	Lighting	Other	Total
COST								
Beginning of year	\$ 206,929	\$ 435,949	\$ 1,026,905	\$ 1,578,850	\$ 1,292,453	\$ 800,472	\$ 1,352,235	\$ 6,693,793
Additions	-	20,108	17,878	-	42,301	299,173	42,118	421,578
Disposals	-	-	(8,060)	-	-	-	(7,158)	(15,218)
Write-downs	-	-	-	-	-	-	-	-
End of year	206,929	456,057	1,036,723	1,578,850	1,334,754	1,099,645	1,387,195	7,100,153
ACCUMULATED AMORTIZATION								
Beginning of year	(103,399)	(275,894)	(494,070)	(853,705)	(800,739)	(494,056)	(740,562)	(3,762,425)
Amortization	(19,104)	(38,060)	(45,783)	(51,758)	(78,442)	(51,585)	(109,003)	(393,735)
Disposals	-	-	8,060	-	-	-	7,158	15,218
End of Year	(122,503)	(313,954)	(531,793)	(905,463)	(879,181)	(545,641)	(842,407)	(4,140,942)
NET BOOK VALUE - 2019	\$ 84,426	\$ 142,103	\$ 504,930	\$ 673,387	\$ 455,573	\$ 554,004	\$ 544,788	\$ 2,959,211
NET BOOK VALUE - 2018	\$ 103,529	\$ 160,054	\$ 532,835	\$ 725,145	\$ 491,713	\$ 306,416	\$ 611,673	\$ 2,931,366



SaskTel Centre

Saskatchewan Place Association Inc.
Financial Statements
December 31, 2019



	Page
Independent Auditor's Report	
Financial Statements	
Statement of Financial Position	1
Statement of Changes in Net Financial Assets	2
Statement of Operations and Accumulated Surplus	3
Statement of Cash Flows	4
Notes to the Financial Statements	5

Independent Auditor's Report

To the Member of Saskatchewan Place Association Inc.:

Opinion

We have audited the financial statements of Saskatchewan Place Association Inc. (the "Association"), which comprise the statement of financial position as at December 31, 2019, and the statements of changes in net financial assets, operations and accumulated surplus 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 Association as at December 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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 Association 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 public sector accounting standards, 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association'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 Association'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 Association'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 Association 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.

Saskatoon, Saskatchewan

April 13, 2020

MNP LLP

Chartered Professional Accountants

	2019	2018
Financial Assets		
Cash and cash equivalents	8,272,360	15,538,834
Marketable securities (Note 4)	10,176,000	6,000,000
Accounts receivable (Note 8)	1,063,634	863,898
Box office and advance receivables	7,431	11,411
Inventory for resale	122,183	101,573
Total Financial Assets	19,641,608	22,515,716
Liabilities		
Accounts payable (Note 5, Note 8)	2,466,551	2,381,870
Advance ticket sales	4,566,098	8,946,621
Deposits	448,059	171,209
Unearned revenue	1,717,529	1,664,079
Capital lease obligation (Note 6)	196,378	107,902
Total Liabilities	9,394,615	13,271,681
Net Financial Assets	10,246,993	9,244,035
Non-Financial Assets		
Tangible capital assets (Note 7)	8,759,346	8,214,300
Prepaid expenses (Note 9)	559,606	751,456
Total Non-Financial Assets	9,318,952	8,965,756
Accumulated Surplus (Note 11)	19,565,945	18,209,791

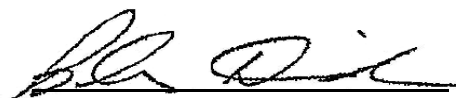
Guarantees (Note 12)

Contingencies (Note 13)

Commitments (Note 14)

Subsequent event (Note 16)

Approved by the Board

 Director

 Director

Saskatchewan Place Association Inc.
Statement of Changes in Net Financial Assets
As at December 31, 2019

	<i>2019 Budget (Note 15)</i>	2019	<i>2018</i>
Annual surplus	1,254,029	1,356,154	2,527,166
Acquisition of tangible capital assets	(1,155,500)	(1,410,958)	(763,980)
Amortization of tangible capital assets	864,793	865,912	861,372
Surplus (deficit) of tangible capital assets	(290,707)	(545,046)	97,392
Acquisition of prepaid expenses	-	(559,606)	(751,456)
Use of prepaid expenses	-	751,456	690,459
Surplus (deficit) of other non-financial expenses	-	191,850	(60,997)
Increase in net financial assets	963,322	1,002,958	2,563,561
Net financial assets, beginning of year	9,244,035	9,244,035	6,680,474
Net financial assets, end of year	10,207,357	10,246,993	9,244,035

The accompanying notes are an integral part of these financial statements.

Saskatchewan Place Association Inc.
Statement of Operations and Accumulated Surplus
For the year ended December 31, 2019

	2019 <i>Budget</i> <i>(Note 15)</i>	2019	2018
Revenues			
Operations	17,678,382	21,565,529	24,486,080
Ancillary charges	743,625	2,270,524	1,343,994
Investment income	483,000	585,060	488,148
Total Revenues	18,905,007	24,421,113	26,318,222
Expenses			
Production costs	6,273,390	10,161,423	12,477,122
Wages and benefits	3,125,231	3,859,208	2,662,853
Concessions	1,670,769	2,180,356	2,053,467
General administration	1,758,111	1,666,948	1,607,945
Contract staff and supplies - events	1,405,333	1,522,330	1,463,305
Building and equipment maintenance	1,152,122	1,240,517	1,001,542
Amortization	864,793	865,912	861,372
Utilities	592,275	699,709	661,004
Civic Buildings allocation <i>(Note 8)</i>	381,791	362,700	426,666
Advertising and promotion	427,163	487,176	563,832
Interest	-	18,680	11,948
Total Expenses	17,650,978	23,064,959	23,791,056
Annual Surplus	1,254,029	1,356,154	2,527,166
Accumulated Surplus, beginning of year	18,209,791	18,209,791	15,682,625
Accumulated Surplus, end of year <i>(Note 11)</i>	19,463,820	19,565,945	18,209,791

The accompanying notes are an integral part of these financial statements.

	2019	2018
Cash provided by (used for) the following activities:		
Operating		
Annual surplus	1,356,154	2,527,166
Amortization	865,912	861,372
	2,222,066	3,388,538
Accounts receivable	(199,736)	205,975
Box office and advance receivables	3,980	3,152,956
Inventory for resale	(20,610)	14,104
Prepaid expenses	191,850	(60,997)
Accounts payable	84,681	(70,900)
Advance ticket sales	(4,380,523)	(1,932,774)
Deposits	276,850	72,001
Unearned revenue	53,450	(398,450)
	(1,767,992)	4,370,453
Investing		
Purchase of marketable securities	(4,176,000)	(6,000,000)
Capital		
Purchase of tangible capital assets	(1,290,206)	(656,078)
Financing		
Repayment of capital lease liability	(32,276)	-
Decrease in cash	(7,266,474)	(2,285,625)
Cash and cash equivalents, beginning of year	15,538,834	17,824,459
Cash and cash equivalents, end of year	8,272,360	15,538,834

The accompanying notes are an integral part of these financial statements.

1. Operations

Saskatchewan Place Association Inc. (the “Association”) manages a multi-purpose facility called SaskTel Centre on behalf of its sole member, the City of Saskatoon.

2. Change in accounting policies

Effective January 1, 2019, the Association adopted the recommendations relating to the following sections, as set out in the Canadian public sector accounting standards.

- PS 3430 Restructuring Transactions

Pursuant to the recommendations, the changes were applied prospectively, and prior periods have not been restated. There was no material impact on the financial statements of adopting the new sections.

3. Accounting Policies

The financial statements of the Association are prepared by management in accordance with Canadian public sector accounting standards, and include the following significant accounting policies:

Cash and Cash Equivalents

Cash and cash equivalents include cash, redeemable term deposits and term deposits with maturities of three months or less.

Marketable Securities

Marketable securities are term deposits with maturities of greater than three months.

Inventory for Resale

Inventory is recorded at the lower of cost and net realizable value.

Tangible Capital Assets

All tangible capital asset acquisitions or betterments made throughout the year are recorded at their acquisition cost. Contributed tangible capital assets received are recorded at their fair market value at the date of contribution. The costs of these tangible capital assets less any residual value are amortized over the asset’s useful life using the straight-line method of amortization. The Association’s tangible capital asset useful lives are estimated as follows:

<u>Asset</u>	<u>Useful Life</u>
Land Improvements	15-30 years
Building Improvements	5-31 years
Furniture & Fixtures	5-20 years
Machinery & Equipment	5-15 years
Computer Systems	5-10 years
Signage	5-15 years

Advance Ticket Sales

Advance ticket sales are sales of tickets in the current year for events that will take place after year end. Ticket sales are made through a third party ticketing system.

Unearned Revenue

Unearned revenue relates to rental and advertising contracts that extend beyond the year end and are recognized as revenues over the term of the related contract.

3. Accounting Policies *(continued from previous page)*

Asset Classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities but are employed to deliver services, may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets and prepaid expenses.

Net Financial Assets

The Association's financial statements are presented to highlight net financial assets as the measurement of financial position. Net financial assets at the end of an accounting period are the net amount of financial assets less its financial liabilities. Net financial assets combined with non-financial assets comprise a second indicator of financial position, accumulated surplus.

Foreign Currency Translation

Transaction amounts denominated in foreign currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction dates. Carrying values of monetary assets and liabilities reflect the exchange rates at the statement of financial position date. Gains and losses on translation or settlement are included in the determination of annual surplus for the period.

Revenue Recognition

Revenue from operations is earned from service charges, option fees, ticket sales, sponsorships, events, concessions and investments and is recognized as follows:

Ticket sales, service charge and option fee revenue on ticket sales and event revenue are recognized upon completion of the event. Sponsorship revenue is recognized over the contract term of each individual sponsorship. Concession revenue is recognized when the services are provided. Investment income is recognized as it is earned.

Government Transfers

The Association recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the Association recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

Segments

The Association conducts operations through one reportable segment – operations of multi-purpose facility. Therefore, expenses reported on the statement of operations are by object.

Pension

The Association is part of a multi-employer defined benefit plan of a related group of organizations. The plan assets and liabilities are administered by the City of Saskatoon, which has ultimate responsibility for any shortfalls in the funding of plan assets. The Association's contributions to the plan are expensed as incurred.

Use of Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect 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 year. Actual results could differ from those estimates.

Accounts receivable and box office and advance 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 tangible capital assets. Accrued liabilities are recorded based on estimates of future cash outlays.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in annual surplus in the periods in which they become known.

4. Marketable Securities

Marketable securities as at December 31, 2019 include five term deposits ranging in value of \$2,000,000 to \$2,063,000 (2018 – three \$2,000,000 term deposits) with interest rates of 2.50% to 3.15% (2018 – 2.70% to 3.15%) maturing between July 2020 and July 2024 (2018 – July 2019 to July 2021).

5. Accounts Payable

	2019	2018
Trade payables	2,447,986	2,364,949
Government remittances	18,565	16,921
	2,466,551	2,381,870

6. Capital Lease Obligation

	2019	2018
Toyota Commercial Finance lease payable in monthly instalments of \$1,737 plus taxes, with stated interest rate of 5.45%, maturing December 2023, secured by equipment with a net book value of \$100,769 (2018 – 107,902)	90,725	107,902
Concentra Bank lease payable in monthly instalments of \$1,868 plus taxes, with stated interest rate of 4.22%, maturing February 2024, secured by equipment with a net book value of \$112,701	105,653	-
	196,378	107,902
Less: current portion	(34,469)	(15,858)
	161,909	92,044

Minimum lease payments due in the next five years are as follows:

2020	43,260
2021	43,260
2022	43,260
2023	63,103
2024	27,837
	220,720
Less: imputed interest	(24,342)
Less: current portion	(34,469)
	161,109

7. Tangible Capital Assets

Cost

	<i>Land Improvements</i>	<i>Building Improvements</i>	<i>Furniture and Fixtures</i>	<i>Machinery and Equipment</i>	<i>Computer Systems</i>	<i>Signage</i>	<i>Work in Progress</i>	2019	2018
Balance, beginning of year	1,534,543	5,510,855	1,149,871	6,666,084	539,321	555,270	6,595	15,962,539	15,293,869
Acquisition of tangible capital assets	-	-	-	-	-	-	1,410,958	1,410,958	763,980
Disposal of tangible capital assets	-	-	-	(45,000)	-	-	-	(45,000)	(95,310)
Completed projects - transfers	-	258,410	24,115	290,740	23,243	-	(596,508)	-	-
Balance, end of year	1,534,543	5,769,265	1,173,986	6,911,824	562,564	555,270	821,045	17,328,497	15,962,539

Accumulated amortization

Balance, beginning of year	597,955	1,560,723	606,528	4,338,979	407,473	236,581	-	7,748,239	6,982,177
Disposals	-	-	-	(45,000)	-	-	-	(45,000)	(95,310)
Annual amortization	95,312	253,135	53,749	376,110	42,079	45,527	-	865,912	861,372
Balance, end of year	693,267	1,813,858	660,277	4,670,089	449,552	282,108	-	8,569,151	7,748,239

Net book value	841,276	3,955,407	513,709	2,241,735	113,012	273,162	821,045	8,759,346	-
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2018 Net book value	936,588	3,950,132	543,343	2,327,105	131,848	318,689	6,595	-	8,214,300
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The facility managed by the Association is owned and maintained by the City of Saskatoon therefore is not recorded as a tangible capital asset of the Association. Included in machinery and equipment are assets under capital lease with a net book value of \$213,470 (2018 - \$107,902).

During the year, tangible capital assets were acquired at an aggregate cost of \$1,410,958 (2018 - \$763,980), of which \$120,752 (2018 - \$107,902) was acquired by means of capital leases, and \$1,290,206 (2018 - \$656,078) was acquired in cash.

8. Related Party Transactions

Included in these financial statements are transactions and balances with the City of Saskatoon (the sole member of the Association). Transactions with the City of Saskatoon are settled on normal trade terms and are recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

The amounts outstanding at year end are as follows:

	2019	2018
Accounts receivable	60,640	11,144
Accounts payable	679,368	1,322,568

The amounts included in the Statement of Operations are as follows:

Civic Buildings allocation	362,700	426,666
General administration	120,000	120,000

The Civic Buildings Comprehensive Maintenance Reserve is held by the City of Saskatoon (the "City") and is used to maintain all buildings owned by the City. A portion of the reserve is allocated to maintain the structure and attached equipment of SaskTel Centre. Only major structural components and systems are maintained from the reserve. The City and the Association share in the contribution related to SaskTel Centre. The Association expenses its contribution in the Statement of Operations.

9. Prepaid Expenses

	2019	2018
Prepaid event expenses	127,639	207,954
Prepaid credit card and ticket fees	168,530	293,671
Prepaid operating and contra expenses	263,437	249,831
	559,606	751,456

10. Pension

Employees of the Association participate in a multi-employer defined benefit retirement plan established by the City of Saskatoon (a related party). The Association's obligation to the plan is limited to making required payments to match amounts contributed by employees for current services. The Association's required contribution ranged from 8.5% to 9.9% of eligible employee earnings for 2019 (2018 – 9.1% to 10.3%).

Pension expense for the year amounted to \$212,504 (2018 - \$190,044) and is included in wages and benefits.

11. Reserves

At the end of each year, the annual surplus is allocated to the Association's reserve accounts through a Board of Directors motion based on the Association's reserve fund policy. The investment in tangible capital assets is equal to the equity invested in the capital assets of the Association. The equipment replacement reserve is intended to accumulate funds to replace equipment that is not covered by the Civic Buildings Comprehensive Maintenance Reserve. The capital enhancement reserve is intended to accumulate funds for approved facility enhancement projects to expand or improve the Association's range and quality of services. The stabilization reserve is intended to accumulate funds to offset any operating deficits incurred in any year by the Association.

Reserve balances at December 31 are as follows:

	2019	2018
Investment in tangible capital assets	8,525,389	7,980,344
Equipment replacement reserve	816,206	599,478
Capital enhancement reserve	7,164,107	6,891,668
Stabilization reserve	3,060,243	2,738,301
Accumulated surplus	19,565,945	18,209,791

12. Guarantees

At December 31, 2019, the Association had guaranteed amounts to various artists totalling \$533,650 (2018 - \$896,565) for events to be held after year-end.

13. Contingencies

During the year, legal proceedings on a wrongful dismissal case were completed and damages were awarded to the former employees. Legal counsel remains in the process of establishing the final settlement. Based on the litigation to date, interim payment made and information available, the Association has accrued a reasonable estimate of the remaining liability in the financial statements.

In the normal conduct of operations, there are pending claims against the Association. Litigation is subject to many uncertainties, and the outcome of individual matters is not predictable with assurance. In the opinion of management, based on the advice and information provided by its legal counsel, final determination of these other litigations will not materially affect the Company's financial position or results of operations.

14. Commitments

The Association has entered into a land lease agreement with the City of Saskatoon with estimated minimum annual payments of \$120,000. The lease term ends December 31, 2041.

15. Budget Information

The budget information disclosed was approved by the Association's Board of Directors on October 31, 2018.

16. Subsequent Event

Subsequent to year end, decisions were made to cancel or postpone several events being held at SaskTel Centre, as well as temporarily suspend the seasons of the National Lacrosse League and Western Hockey League, over concerns regarding the outbreak of Coronavirus (COVID-19). Due to the uncertainty of how long it may take before COVID-19 becomes controlled, the potential financial impact is unknown at the time of reporting. No related amounts have been recorded in the financial statements.

**Art Gallery of
Saskatchewan Inc.
("Remai Modern")**

Financial Statements
December 31, 2019



Independent auditor's report

To the Board of Directors of Art Gallery of Saskatchewan Inc.

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Art Gallery of Saskatchewan Inc. (the Museum) as at December 31, 2019 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

What we have audited

The Museum's financial statements comprise:

- the statement of financial position as at December 31, 2019;
- the statement of operations and changes in fund balances for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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

Independence

We are independent of the Museum in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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 public sector accounting standards, 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.

PricewaterhouseCoopers LLP
128 4th Avenue South, Suite 600, Saskatoon, Saskatchewan, Canada S7K 1M8
T: +1 306 668 5900, F: +1 306 652 1315

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



In preparing the financial statements, management is responsible for assessing the Museum'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 Museum or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Museum'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 Museum'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 Museum'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 Museum 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.

"original signed by PricewaterhouseCoopers"
Chartered Professional Accountants

Saskatoon, Saskatchewan
March 26, 2020

Art Gallery of Saskatchewan Inc. ("Remai Modern")

Statement of Financial Position

As at December 31, 2019

				2019	2018
				\$	\$
	Operating Fund	Capital Fund	Permanent Collection Fund	Total	Total
	\$	\$	\$	\$	\$
Assets					
Current assets					
Cash	420,923	3,027,196	-	3,448,119	3,465,795
Accounts receivable (notes 4 and 6)	938,028	-	385,932	1,323,960	1,012,759
Grants receivable (notes 4 and 6)	-	250,000	-	250,000	445,937
GST receivable	46,932	-	-	46,932	450,997
Prepaid expenses	120,000	-	-	120,000	58,630
Inventory	313,923	-	-	313,923	263,257
Due from other funds (note 5)	-	385,933	-	385,933	348,878
	1,839,806	3,663,129	385,932	5,888,867	6,046,253
Tangible capital assets (note 7)					
Furniture and equipment	-	525,641	-	525,641	576,123
Facility upgrades	-	2,972,743	-	2,972,743	3,080,249
Computer equipment and software	-	399,807	-	399,807	533,107
	-	3,898,191	-	3,898,191	4,189,479
Permanent collection (note 8)					
	-	-	1	1	1
	1,839,806	7,561,320	385,933	9,787,059	10,235,733
Liabilities and Net Assets					
Current liabilities					
Accounts payable and accrued liabilities (notes 6 and 9)	898,976	55,000	-	953,976	770,289
Deferred revenue (note 10)	1,200,292	-	-	1,200,292	1,471,037
Due to other funds (note 5)	-	-	385,933	385,933	348,878
	2,099,268	55,000	385,933	2,540,201	2,590,204
Net assets					
Fund balance	(259,462)	7,506,320	-	7,246,858	7,645,529
	1,839,806	7,561,320	385,933	9,787,059	10,235,733

Commitment (note 6)

Contingencies (note 13)

Subsequent events (note 14)

Approved by the Board of Directors



Director



Director

The accompanying notes are an integral part of these financial statements.

Art Gallery of Saskatchewan Inc. ("Remai Modern")

Statement of Operations and Changes in Fund Balances

For the year ended December 31, 2019

				2019	2018
				\$	\$
	Operating Fund	Capital Fund	Permanent Collection Fund	Total	Total
	\$	\$	\$	\$	\$
Revenue					
Grants					
City of Saskatoon (note 6)	5,518,651	409,000	-	5,927,651	5,474,700
Saskatchewan Arts Board	237,500	-	-	237,500	237,500
Canada Council for the Arts	189,000	-	-	189,000	189,000
Saskatchewan Lotteries	169,000	-	-	169,000	169,000
Other grants	34,082	-	-	34,082	-
Donations (note 6)	1,554,493	210,571	1,037,055	2,802,119	2,818,476
Self-generated revenue (notes 6 and 11)	1,575,141	-	-	1,575,141	1,731,766
Artwork donated (note 8)	-	-	490,155	490,155	530,490
Sponsorships	333,168	-	-	333,168	319,680
Interest	-	60,351	-	60,351	73,847
	9,611,035	679,922	1,527,210	11,818,167	11,544,459
Expenses (note 12)					
Administration and operations (note 6)	8,430,875	494,672	-	8,925,547	8,170,224
Artwork donated and purchased (note 8)	-	-	1,527,210	1,527,210	2,186,946
Programming and exhibitions	1,439,622	-	-	1,439,622	1,471,386
Amortization	-	324,459	-	324,459	325,545
Transfer to the City of Saskatoon – capital campaign (note 6)	-	-	-	-	481,417
	9,870,497	819,131	1,527,210	12,216,838	12,635,518
Deficit for the year	(259,462)	(139,209)	-	(398,671)	(1,091,059)
Interfund transfers (note 5)	-	-	-	-	-
Fund balances – Beginning of year	-	7,645,529	-	7,645,529	8,736,588
Fund balances – End of year	(259,462)	7,506,320	-	7,246,858	7,645,529

The accompanying notes are an integral part of these financial statements.

Art Gallery of Saskatchewan Inc. ("Remai Modern")

Statement of Cash Flows

For the year ended December 31, 2019

				2019 \$	2018 \$
	Operating Fund \$	Capital Fund \$	Permanent Collection Fund \$	Total \$	Total \$
Cash provided by (used in)					
Operating activities					
Deficit for the year	(259,462)	(139,209)	-	(398,671)	(1,091,059)
Item not affecting cash					
Amortization	-	324,459	-	324,459	325,545
	(259,462)	185,250	-	(74,212)	(765,514)
Net changes in non-cash working capital					
Accounts receivable	(274,146)	-	(37,055)	(311,201)	328,134
Grants receivable	166,932	29,005	-	195,937	760,148
GST receivable	404,065	-	-	404,065	(95,451)
Prepaid expenses	(61,370)	-	-	(61,370)	(23,739)
Inventory	(50,666)	-	-	(50,666)	(34,723)
Accounts payable and accrued liabilities	183,687	-	-	183,687	(6,526,382)
Deferred revenue	(270,745)	-	-	(270,745)	(243,663)
	97,757	29,005	(37,055)	89,707	(5,835,676)
	(161,705)	214,255	(37,055)	15,495	(6,601,190)
Investing activities					
Purchase of capital assets	-	(33,171)	-	(33,171)	(511,057)
Financing activities					
Net change in interfund balances	-	(37,055)	37,055	-	-
Decrease in due from Saskatoon Gallery and Conservatory Corporation	-	-	-	-	565,480
	-	(37,055)	37,055	-	565,480
Net change in cash	(161,705)	144,029	-	(17,676)	(6,546,767)
Cash – Beginning of year	582,628	2,883,167	-	3,465,795	10,012,562
Cash – End of year	420,923	3,027,196	-	3,448,119	3,465,795

The accompanying notes are an integral part of these financial statements.

Art Gallery of Saskatchewan Inc. ("Remai Modern")

Notes to Financial Statements

December 31, 2019

1 Description of the organization

The Art Gallery of Saskatchewan Inc. (the Museum or Remai Modern) was incorporated under the Non-profit Corporations Act (1995) in the Province of Saskatchewan and is a registered charity under the Income Tax Act.

The Museum reports the operations of Remai Modern Art Gallery of Saskatchewan a thought leader and direction setting modern art museum that opened in October 2017 in the City of Saskatoon.

2 Basis of presentation

The financial statements have been prepared in accordance with Canadian public sector accounting standards (PSAS), including accounting standards that apply only to not-for-profit organizations, as issued by the Canadian Accounting Standards Board.

3 Summary of significant accounting policies

a) Fund accounting

The accounts of the Museum are maintained in accordance with the principles of fund accounting. Resources are classified for accounting and reporting purposes into funds to comply with activities or objectives specified by the donors or to comply with directives issued by the Board of Directors. Transfers between the funds are made when approved by the Board of Directors. For financial reporting purposes, the funds are as follows:

- i) The Operating Fund includes the day-to-day operating activities of the Museum.
- ii) The Capital Fund consists of the activities directed towards the development and construction of the Remai Modern Art Gallery of Saskatchewan and includes all tangible capital assets of the Museum.
- iii) The Permanent Collection Fund consists of the activity related to the acquisitions and donations of artwork for the Remai Modern permanent collection.

b) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

c) Financial instruments

The Museum's recognized financial assets and liabilities consist of cash, accounts receivable, grants receivable and accounts payable and accrued liabilities. The fair values of these items approximate their carrying values due to the short-term nature of the items. The company classifies its financial instruments as follows:

Art Gallery of Saskatchewan Inc. ("Remai Modern")

Notes to Financial Statements

December 31, 2019

- Cash and investments are initially recorded at fair value and subsequently measured at amortized cost using the effective interest method, with realized gains and losses reported in income.
- Accounts and grants receivable are classified as loans and receivables and are initially recorded at fair value and subsequently measured at amortized cost using the effective interest rate method and adjusted for any allowance for doubtful accounts, with realized gains and losses reported in income.
- Accounts payable and accrued liabilities are classified as other financial liabilities, and are initially recorded at fair value and subsequently recorded at amortized cost using the effective interest method, with realized gains and losses reported in income.

Liquidity risk is the risk that the Museum will not be able to meet its financial obligations when they come due. The Museum manages its liquidity risk by forecasting cash flows from operations and anticipating investing and financing activities to ensure it has sufficient available funds to meet current and foreseeable financial requirements.

The Museum's exposure to credit risk is based on the carrying amount of its financial assets.

d) Inventory

Inventory is stated at the lower of cost or net realizable value, cost being determined on the basis of weighted average cost.

e) Tangible capital assets

Tangible capital assets are recorded at cost.

All tangible capital asset purchases are made from the Capital Fund unless the Board of Directors determines otherwise. All items meeting the capitalization criteria have been capitalized in the Capital Fund and are amortized on a straight-line basis over their estimated useful lives, as follows:

Furniture and equipment	10 years
Facility upgrades	30 years
Computer equipment and software	5 years

One-half of annual amortization is taken in the year of an asset's acquisition or disposal.

Any gain or losses on the disposal of tangible capital assets are recorded in the Capital Fund based upon the difference in the proceeds received and the net book value of the underlying assets disposed of.

The Museum reviews long-lived assets for impairment whenever events or changes in circumstances indicate the asset no longer has any long-term service potential to the Museum. The impairment loss, if any, is the excess of the carrying value over any residual value. Writedowns are not reversed.

Art Gallery of Saskatchewan Inc. ("Remai Modern")

Notes to Financial Statements

December 31, 2019

f) Permanent collection

Purchased and donated artwork is included in the statement of operations and changes in fund balances. Donated items in excess of \$1,000 for income tax purposes are appraised by independent professional art dealers. Donated items of \$1,000 or less are recorded at estimated market values as approved by the Executive Director and CEO. Purchased items are recorded at cost. The permanent collection is assigned a nominal value of \$1 for statement of financial position purposes.

g) Revenue recognition

The Museum follows the restricted fund method of accounting for contributions.

Restricted contributions related to general operations and programming are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund in the year received or receivable if the amount to be received can be reliably measured and collection is reasonably assured.

Unrestricted contributions are recognized as revenue of the Operating Fund in the year received or receivable if the amount to be received can be reliably measured and collection is reasonably assured.

Due to the uncertainty involved in collecting pledged donations, pledges are not recognized until the cash is received unless there is a signed gift agreement in place and collection is reasonably assured. Memberships are recognized on a pro-rata basis over the membership period. Other types of self-generated revenue are recognized in the period in which the underlying goods are sold or performance of the service has been achieved.

h) Contributions of materials and services

The Museum only recognizes the contribution of materials and services when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Museum's operations and would otherwise have been purchased. Certain ancillary services of the Museum are voluntarily provided by the community. Since these services are not normally purchased by the Museum and because of difficulties in determining their fair value, these donated services are not recognized in the financial statements.

Donations revenue and administration and operations expense for the year ended December 31, 2019 includes \$100,000 (2018 – \$100,000) related to the estimated fair value of contributed advertising services.

i) Use of estimates

The preparation of financial statements in conformity with PSAS for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Art Gallery of Saskatchewan Inc. ("Remai Modern")

Notes to Financial Statements

December 31, 2019

Estimates are used primarily in the determination of the collectability of accounts receivable, the estimated useful lives of tangible capital assets, and the fair value of donated artwork.

4 Accounts receivable and grants receivable

	2019 \$	2018 \$
Accounts receivable		
Operating Fund		
City of Saskatoon – River Landing Commission (note 6)	220,000	220,000
Remai Modern Foundation Inc. (note 6)	620,624	272,039
Other	97,404	171,843
	<hr/> 938,028	<hr/> 663,882
Permanent Collection Fund		
Remai Modern Foundation Inc. (note 6)	385,932	348,877
	<hr/> 1,323,960	<hr/> 1,012,759
Grants receivable		
Operating Fund		
City of Saskatoon (note 6)	-	166,932
Canada Council of the Arts	-	29,005
	<hr/> -	<hr/> 195,937
Capital Fund		
City of Saskatoon (note 6)	250,000	250,000
	<hr/> 250,000	<hr/> 445,937

5 Interfund balances and transfers

As at December 31, 2019, \$385,932 (2018 – \$348,878) is due to the Capital Fund from the Permanent Collection Fund related to amounts that were advanced to cover the costs associated with the purchase of artwork.

There were no interfund transfers for the year ended December 31, 2019. The following interfund transfers were approved for the year ended December 31, 2018.

- \$51,786 from the Operating Fund to the Capital Fund for the capital replacement reserve; and
- \$303,404 from the Building Transition Fund to the Capital Fund.

Art Gallery of Saskatchewan Inc. ("Remai Modern")

Notes to Financial Statements

December 31, 2019

6 Related party transactions

Saskatoon Gallery and Conservatory Corporation

The Saskatoon Gallery and Conservatory Corporation and Art Gallery of Saskatchewan Inc. ("Remai Modern") have common management and are under common control.

In 2012, the Saskatoon Gallery and Conservatory Corporation and Art Gallery of Saskatchewan Inc. (collectively, the Galleries) launched a fundraising campaign to raise \$20 million for the capital construction of Remai Modern Art Gallery of Saskatchewan. Pledges exceeding \$20 million have been made to the campaign, and as at December 31, 2019, the Galleries had disbursed a cumulative amount of \$19,177,820 (2018 – \$19,177,820) to the City of Saskatoon related to the construction of Remai Modern. The proposed settlement amount of \$5,641,403 that was to be transferred to the City of Saskatoon for construction of the new gallery was accrued for as at December 31, 2017 and paid during the year ended December 31, 2018.

During the year ended December 31, 2018, an additional \$481,417 was transferred to the City of Saskatoon related to other construction costs that had been incurred.

The final settlement related to the capital campaign will be completed subsequent to the building's commissioning period.

City of Saskatoon

The City of Saskatoon (the City) is the sole membership unitholder of Remai Modern.

The Museum recognized grant revenue from the City of \$5,927,651 (2018 – \$5,474,700) for the year ended December 31, 2019. No amounts were receivable related to this grant as at December 31, 2019 (2018 – \$166,932).

The accounts payable and accrued liabilities balance as at December 31, 2019 includes \$413,545 that is payable to the City related to salaries and employee benefits in excess of the 2019 operating agreement that were incurred by Remai Modern and paid for by the City.

As at December 31, 2019, \$55,000 (2018 – \$55,000) is accrued for past construction costs incurred by the City and a grant receivable of \$250,000 (2018 – \$250,000) is recorded related to building transition support that was to be provided by the City.

Self-generated revenue for the year ended December 31, 2019 includes \$265,002 (2018 – \$220,000) recognized from the City for River Landing commissions. The accounts receivable balance as at December 31, 2019 includes \$220,000 (2018 – \$220,000) that is receivable related to the River Landing Commissions.

Expenses for the year ended December 31, 2019 include a maintenance agreement fee of \$891,800 (2018 – \$985,200), an energy management fee of \$529,700 (2018 – \$518,200), and a capital replacement reserve allocation of \$409,000 that are allocated by the City to the Museum.

Art Gallery of Saskatchewan Inc. ("Remai Modern")

Notes to Financial Statements

December 31, 2019

Remai Modern Foundation Inc.

The sole purpose of the Remai Modern Foundation Inc. (the Foundation) is to support the mission and activities of Remai Modern.

The Foundation has approved contributions to Remai Modern of \$585,904 (2018 – \$620,916) for the year ended December 31, 2019. Donation revenue for the year ended December 31, 2019 includes \$548,849 (2018 – \$272,039) in the Operating Fund and \$37,055 (2018 – \$348,877) in the Permanent Collection Fund related to these contributions.

Special events expense for the year ended December 31, 2019 includes \$92,400 related to the revenue that was collected net of the expenses incurred by Remai Modern on behalf of the Foundation for galaMODERN.

As at December 31, 2019, the accounts receivable balance includes \$1,006,556 (2018 – \$620,916) related to the cumulative contributions that have been approved by the Foundation less amounts that have been collected by Remai Modern on the Foundation's behalf.

7 Tangible capital assets

			2019 \$	2018 \$
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Furniture and equipment	691,227	165,587	525,640	576,123
Facility upgrades	3,228,661	255,917	2,972,744	3,080,249
Computer equipment and software	751,332	351,525	399,807	533,107
	4,671,220	773,029	3,898,191	4,189,479

The building and land is owned by the City of Saskatoon. The City of Saskatoon provides Remai Modern with a right of use to the property.

8 Permanent collection

The collection consists of 547 (2018 – 504) works of art. During the year, the Museum purchased works of art for a total cost of \$1,037,055 (2018 – \$1,656,456). Donations to the Mendel and Remai Modern permanent collections during the year included works of art with an appraised fair market value of \$490,155 (2018 – \$530,490). The artwork that is part of the Mendel permanent collection will remain under the control and custody of the Saskatoon Gallery and Conservatory Corporation until Remai Modern Art Gallery is granted Category A status by Heritage Canada.

Art Gallery of Saskatchewan Inc. ("Remai Modern")

Notes to Financial Statements

December 31, 2019

9 Accounts payable and accrued liabilities

	2019 \$	2018 \$
Operating Fund		
City of Saskatoon (note 6)	413,545	-
Accrued vacation pay	235,222	197,231
Trade accounts payable	156,928	371,402
Other accrued liabilities	93,281	146,656
	898,976	715,289
Capital Fund		
City of Saskatoon (note 6)	55,000	55,000
	953,976	770,289

10 Deferred revenue

	2019			
	Balance – Beginning of year \$	Funds received \$	Revenue recognized \$	Balance – End of year \$
Frank & Ellen Remai Foundation Inc.	250,000	500,000	596,874	153,126
Other restricted contributions and sponsorships	873,358	120,000	394,154	599,204
Saskatchewan Lotteries	84,500	84,500	84,500	84,500
Saskatchewan Arts Board	-	106,875	-	106,875
Memberships	133,558	215,253	222,192	126,619
Gift cards	34,899	2,665	2,969	34,595
Advance tickets for Lugo Lecture Series	18,589	19,240	18,589	19,240
	76,133	-	-	76,133
	1,471,037	1,048,533	1,319,278	1,200,292

Art Gallery of Saskatchewan Inc. ("Remai Modern")

Notes to Financial Statements

December 31, 2019

11 Self-generated revenue

	2019	2018
	\$	\$
Art & Design Store revenue	391,903	399,707
Admissions	320,910	431,406
City of Saskatoon - River Landing commission (note 6)	265,002	220,000
Facility rentals, catering and restaurant	239,500	206,382
Memberships	233,267	303,815
Special events	67,855	86,042
Tours and workshops	50,930	50,033
Other	5,774	34,381
	<u>1,575,141</u>	<u>1,731,766</u>

12 Expense summary

	2019	2018
	\$	\$
Salaries and employee benefits	4,577,411	4,087,120
Artwork donated and purchased	1,527,210	2,186,946
City of Saskatoon maintenance agreement fee (note 6)	891,800	985,200
Security guard fees	592,502	596,818
City of Saskatoon energy management fee (note 6)	529,700	518,200
Advertising, promotion and stewardship	485,018	446,129
City of Saskatoon capital replacement reserve allocation (note 6)	409,000	-
Art freight costs	406,642	85,128
Supplies, telecommunications and printing	373,063	449,279
Professional fees	327,282	186,326
Amortization	324,459	325,545
Special events, hosting and meetings (note 6)	323,749	188,542
Artist and curator costs	267,467	722,470
Exhibition installation	191,629	127,565
Cost of goods sold	188,610	268,564
Other	144,220	115,205
Repairs and maintenance	137,001	71,626
Software, website and other IT costs	124,348	193,990
Publications	119,750	44,794
Contracted services	100,360	96,069
Insurance	77,614	91,656
Travel costs	39,565	67,101
Photography	34,639	23,793
Strategic planning and training	23,799	51,479
Transfer to the City of Saskatoon – capital campaign (note 6)	-	481,417
Building transition costs	-	224,556
	<u>12,216,838</u>	<u>12,635,518</u>

Art Gallery of Saskatchewan Inc. ("Remai Modern")

Notes to Financial Statements

December 31, 2019

13 Contingencies

The Museum has been named in a legal claim. The amount and likelihood of loss related to this claim is not determinable. It is the opinion of management that the final determination of the claim will not materially affect the financial position of the Museum.

14 Subsequent events

Effective March 17, 2020, the Museum temporarily closed in an effort to help mitigate risks to the public related to the spread of COVID-19. It is unknown when the Museum will re-open to the public. The financial impact of the Museum's temporary closure is not determinable.

15 Comparative figures

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