

**2020 Audited Financial Statements –
Civic Boards**

**THE CENTENNIAL AUDITORIUM &
CONVENTION CENTRE CORPORATION**

FINANCIAL STATEMENTS

And Independent Auditors' Report Communication thereon

December 31, 2020



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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, 2020
- 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, 2020 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

Chartered Professional Accountants
Saskatoon, Canada

March 25, 2021

THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION
STATEMENT OF FINANCIAL POSITION
As at December 31, 2020, with comparative information for 2019

	2020	2019
FINANCIAL ASSETS		
Cash	\$ 2,677,371	\$ 5,365,543
Investments (note 3)	9,505,413	10,332,577
Accounts receivable (note 4 and 11)	<u>585,794</u>	<u>1,262,362</u>
	<u>\$ 12,768,578</u>	<u>\$ 16,960,482</u>
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities (note 11)	\$ 1,852,148	\$ 2,061,748
Rental deposits	392,940	449,632
Advance ticket sales (note 5)	353,632	1,000,685
Deferred revenue (note 6)	<u>1,271,222</u>	<u>1,476,619</u>
	<u>3,869,942</u>	<u>\$ 4,988,684</u>
NET FINANCIAL ASSETS	\$ 8,898,636	\$ 11,971,798
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 3)	\$ 3,033,428	2,959,211
Inventory	82,860	74,813
Prepaid expenses and deferred charges	<u>143,204</u>	<u>68,949</u>
	<u>3,259,492</u>	<u>3,102,973</u>
ACCUMULATED SURPLUS (Schedule 2)	<u>\$ 12,158,128</u>	<u>\$ 15,074,771</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:

Bryn Richards Director

Fatters Director

THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION
STATEMENT OF OPERATIONS
Year ended December 31, 2020, with comparative information for 2019

	Budget (Note 12)	2020	2019
OPERATING REVENUE			
Sales	\$ 10,737,161	\$ 1,726,735	\$ 10,683,322
Sponsorships	358,797	240,540	364,206
Interest income	368,947	299,799	368,593
	<u>11,464,904</u>	<u>2,267,074</u>	<u>\$ 11,416,121</u>
OPERATING EXPENDITURES			
Direct (Schedule 1)	\$ 6,108,464	\$ 1,682,407	6,093,248
Plant maintenance (Schedule 1)	2,274,094	1,585,322	2,213,753
Administration (Schedule 1)	1,490,173	1,299,136	1,290,819
Amortization (Schedule 3)	503,179	391,120	393,735
	<u>10,375,913</u>	<u>4,957,985</u>	<u>9,991,555</u>
OPERATING MARGIN	\$ 1,088,991	\$ (2,690,911)	\$ 1,424,566
OTHER REVENUE AND EXPENDITURES			
Funding by City of Saskatoon (note 11)	500,000	500,000	500,000
Reimbursement to City of Saskatoon (note 8 and 11)	<u>(725,732)</u>	<u>(725,732)</u>	<u>(726,038)</u>
SURPLUS (DEFICIT) OF REVENUE OVER EXPENDITURES	\$ 863,259	\$ (2,916,643)	\$ 1,198,528
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>15,074,771</u>	<u>15,074,771</u>	<u>13,876,243</u>
ACCUMULATED SURPLUS, END OF YEAR (Schedule 2)	<u>\$ 15,938,030</u>	<u>\$ 12,158,128</u>	<u>\$ 15,074,771</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, 2020, with comparative information for 2019

	Budget (Note 13)	2020	2019
Surplus (deficit) of revenue over expenditures	\$ 863,259	\$ (2,916,643)	1,198,528
Acquisition of tangible capital assets	(1,269,206)	(465,337)	(421,578)
Amortization of tangible capital assets	503,179	391,120	393,735
Loss on disposal of tangible capital assets	-	-	-
	<u>97,232</u>	<u>(2,990,860)</u>	<u>1,170,685</u>
Use of inventory	-	(8,047)	10,538
Acquisition of prepaid expenses and deferred charges	-	(74,255)	(6,935)
CHANGE IN NET FINANCIAL ASSETS	97,232	(3,073,162)	1,174,288
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>11,971,798</u>	<u>11,971,798</u>	<u>10,797,510</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>\$ 12,069,030</u>	<u>\$ 8,898,636</u>	<u>\$ 11,971,798</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, 2020, with comparative information for 2019

	2020	2019
OPERATING ACTIVITIES		
Surplus (deficit) of revenue over expenditures	\$ (2,916,643)	1,198,528
Non-cash items included in surplus (deficit) for the year		
Amortization	391,120	393,735
Changes in non-cash working capital relating to operations		
Accounts receivable	676,568	(144,352)
Inventory	(8,047)	10,538
Prepaid expenses and deferred charges	(74,255)	(6,935)
Accounts payable and accrued liabilities	(209,600)	(579,141)
Rental deposits	(56,692)	(80,373)
Advance ticket sales	(647,053)	(446,917)
Deferred revenue	(205,397)	(192,820)
	<u>(3,049,999)</u>	<u>152,263</u>
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	\$ (465,337)	\$ (421,578)
	<u>(465,337)</u>	<u>(421,578)</u>
INVESTING ACTIVITIES		
Purchases of investments	\$ (1,020,808)	(2,020,400)
Investment maturities	2,000,000	2,000,000
Accrued interest	(152,028)	(117,167)
	<u>827,164</u>	<u>(137,567)</u>
NET DECREASE IN CASH	(2,688,172)	(406,882)
CASH POSITION, BEGINNING OF YEAR	<u>5,365,543</u>	<u>5,772,425</u>
CASH POSITION, END OF YEAR	<u>\$ 2,677,371</u>	<u>\$ 5,365,543</u>
CASH INTEREST INCLUDED IN SURPLUS (DEFICIT) OF REVENUE OVER EXPENDITURES		
Interest received	146,366	248,929
Interest paid to City of Saskatoon	(71,219)	(100,280)

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, 2020

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 consist 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 terms between four months and five years.

THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
year ended December 31, 2020

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 added to the carrying value of 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, 2020

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 revenue 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 transfer stipulations are met and 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 materials 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, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reserves

The capital expansion reserve accumulates 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.

FUTURE ACCOUNTING PRONOUNCEMENTS

Standards effective for fiscal years beginning on or after April 1, 2022

Financial Statement Presentation

PS 1201 Financial Statement Presentation requires a new statement to present unrealized gains and losses arising from the re-measurement of financial instruments and items denominated in foreign currencies. This new statement of re-measurement gains and losses is separate from the statement of operations. In addition, the statement includes the government's proportionate share of other comprehensive income that arises when a government includes the results of government business enterprises and partnerships.

Financial Instruments

PS 3450 Financial Instruments updates the requirements for recognition, measurement and disclosure related to derivative and non-derivative financial instruments. Derivatives and equity instruments that are quoted in an active market are required to be recorded at fair value. All other financial instruments can be measured at cost/amortized cost or fair value at the election of the government. Disclosure is required on the nature and extent of risks arising from financial instruments. Clarification is also provided for the de-recognition of financial liabilities.

Standards effective for fiscal years beginning on or after April 1, 2023

Revenue

PS 3400, Revenue provides a framework for recognizing, measuring and reporting revenues by creating standards. These standards provides guidance that encompass transactions that include performance obligations, which are enforceable promises to provide specific goods or services to a specific pay.

THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
year ended December 31, 2020

3. INVESTMENTS

	<u>2020</u>	<u>2019</u>
Term Deposit 2.40% maturing January 28, 2024	\$ 1,000,000	\$ -
Guaranteed Investment Certificate 3.37% maturing January 29, 2024	2,000,000	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	1,061,208	1,040,400
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%, matured April 28, 2020	-	1,000,000
Term Deposit 1.80% matured January 28, 2020	-	1,000,000
Accrued interest	444,205	292,177
	<u>\$ 9,505,413</u>	<u>\$ 10,332,577</u>

4. ACCOUNTS RECEIVABLE

	<u>2020</u>	<u>2019</u>
Trade receivables	\$ 54,032	\$ 718,776
Funding receivable from the City of Saskatoon (note 11)	500,000	500,000
Other receivables	32,302	50,774
Allowance for doubtful accounts	(540)	(7,188)
	<u>\$ 585,794</u>	<u>\$ 1,262,362</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 ongoing operating funds of the Corporation.

THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
year ended December 31, 2020

6. DEFERRED REVENUE

Deferred revenue represents funds received in advance for sponsorship contracts which will be recognized over terms of contracts ranging from one to five years. Funds received for naming rights will be recognized over ten years.

	2020	2019
Sponsorship contracts	\$ 89,972	\$ 98,494
Naming rights	1,181,250	1,378,125
	\$ 1,271,222	\$ 1,476,619

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 Lease Payments	Sponsorship Payments	Digital Signage Lease Payments	Total
2021	\$ -	\$ -	\$ 12,000	\$ 12,000
2022	9,000	30,250	12,000	55,000
2023	-	7,500	12,000	30,750
2024	-	7,500	12,000	19,500
2025	-	-	12,000	12,000
Thereafter	-	-	27,000	27,000
Total	\$ 9,000	\$ 45,250	\$ 87,000	\$ 156,250

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 two years as follows:

2021					
2022					725,270
					87,423
					\$ 812,693

THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
year ended December 31, 2020

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 \$184,108 (2019 - \$221,649) and is included in salaries and benefits.

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.

Fair value

The fair value of cash, term deposits, accounts receivable and accounts payable approximate their carrying value due to the immediate or short-term period to maturity.

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, 2020 the Corporation had \$45,755 of overdue receivables that are not impaired in the financial statements (2019 - \$65,864).

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, 2020, the Corporation had sufficient working capital to meet current obligations as they are due. Additional liquidity risks are noted in note 13.

THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
year ended December 31, 2020

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

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 referred to as "related parties"). Routine operating transactions with related parties are settled at the exchange amount.

The transactions incurred during the year and amounts outstanding at year-end are as follows:

	<u>2020</u>	<u>2019</u>
Accounts receivable from City of Saskatoon	\$ 520,581	532,516
Accounts payable and accrued liabilities to City of Saskatoon	1,251,741	1,024,015
Revenue from events held by City of Saskatoon	17,085	113,634
Utilities expenses charged by City of Saskatoon	532,216	667,752
Insurance expense charged by City of Saskatoon	111,000	101,200
Operating grant from City of Saskatoon	500,000	500,000
Reimbursement to the City of Saskatoon	725,732	726,038

12. BUDGETED FIGURES

Budgeted figures included in the financial statements were approved by the Board of Directors on October 31, 2019 and by the City of Saskatoon Council on November 27, 2019.

THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
year ended December 31, 2020

13. CONTINUITY OF OPERATIONS

On March 11, 2020, the World Health Organization declared the Coronavirus COVID-19 (COVID-19) outbreak a pandemic. This has resulted in governments worldwide, including the Canadian and Saskatchewan governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods, closures of non-essential business, and physical distancing, have caused material disruption to businesses in Saskatchewan and globally, resulting in an economic slowdown. Based on this, the following impacted the Corporation's operations:

Closure of Event Facilities

On March 18, 2020, the Corporation closed the facility to the public in response to restrictive gathering limits imposed by the Government of Saskatchewan. Live theatres and banquet and conference facilities were granted ability to re-open under strict gathering limits on June 29, 2020 and July 16, 2020 respectively. The restrictions continued through the duration of 2020 and extend through the first quarter of 2021.

Significant impacts

The COVID-19 situation is dynamic, causing significant uncertainty regarding when event facilities will fully re-open. The ultimate duration and magnitude of the impact on the economy and the financial effect on the Corporation's future revenues, operating results, and overall financial performance is not known at this time.

As at December 31, 2020, management has performed an assessment of impairment indicators related to assets that had become idle as a result of the venue closure. The Corporation's assessment did not result in any impairment indicators.

The venue closure has affected the Corporation's cash flow. The Corporation continues to manage liquidity risk by forecasting and assessing cash flow requirements on an ongoing basis. As at December 31, 2020, the Corporation continues to meet its contractual obligations within normal payment terms. Under the Corporation's Articles of Incorporation, the Corporation is permitted to borrow funds only through the City of Saskatoon. No additional debt has been incurred with the City as at the date of the financial statements. During the year, the Corporation utilized its maturing guaranteed investment certificates to manage its cash flow requirements.

14. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.

THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION
SCHEDULE OF OPERATING EXPENDITURES
Year ended December 31, 2020, with comparative information for 2019

	Budget (Note 12)	2020	2019
DIRECT			
Salaries and benefits	\$ 3,344,815	\$ 894,712	\$ 2,005,451
Cost of food and beverages	1,225,000	327,678	2,699,085
Supplies	637,936	170,643	698,922
Theatre production costs	495,611	132,572	409,899
Credit card charges	100,926	66,850	122,810
Other expenses	20,774	43,451	22,984
Advertising and promotion	249,914	26,997	101,308
Telephone	21,168	21,950	20,420
Equipment maintenance	9,320	4,201	6,092
Bad debts (recovery)	3,000	(6,647)	6,277
	<u>\$ 6,108,464</u>	<u>\$ 1,682,407</u>	<u>\$ 6,093,248</u>
PLANT MAINTENANCE			
Utilities	\$ 820,973	\$ 668,395	\$ 812,849
Salaries and benefits	972,113	579,158	965,061
Maintenance	316,187	200,309	293,774
Insurance	110,954	111,000	101,200
Service contracts	53,871	26,460	40,869
	<u>\$ 2,198,644</u>	<u>\$ 1,585,322</u>	<u>\$ 2,213,753</u>
ADMINISTRATION			
Salaries and benefits	\$ 1,261,636	\$ 1,121,945	\$ 1,110,746
Professional fees	26,500	64,079	26,500
IT consultant and support	43,220	46,738	23,890
Training and staff morale	38,875	17,584	37,407
Office supplies and equipment	36,520	13,671	30,996
Bank charges and interest expense	18,380	10,913	25,905
Memberships, subscriptions and licenses	11,648	9,420	9,925
Travel	18,014	4,973	8,376
Board of directors	7,220	4,173	8,468
Printing and postage	8,160	2,198	7,639
	<u>\$ 1,490,173</u>	<u>\$ 1,299,136</u>	<u>\$ 1,290,819</u>

Schedule 2

THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION
SCHEDULE OF RESERVES

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
CAPITAL EXPANSION RESERVE		
Balance, beginning of year	\$ 6,773,941	\$ 5,833,876
Allocation from operations	230,877	230,877
Transfer from stabilization reserve	-	606,685
Interest earned	154,412	143,267
Transfer to Stabilization Reserve	(3,575,938)	-
Expenditures	(94,084)	(40,764)
Balance, end of year	<u>\$ 3,489,208</u>	<u>\$ 6,773,941</u>
EQUIPMENT REPLACEMENT RESERVE		
Balance, beginning of year	\$ 4,807,453	\$ 4,613,897
Allocation from operations	460,648	460,648
Interest earned	111,929	113,722
Expenditures	(371,253)	(380,814)
Balance, end of year	<u>\$ 5,008,777</u>	<u>\$ 4,807,453</u>
STABILIZATION RESERVE		
Balance, beginning of year	\$ 534,166	\$ 497,102
Allocation (to) from operations	(3,483,389)	643,749
Transfer to (from) capital expansion reserve	3,575,938	(606,685)
Balance, end of year	<u>\$ 626,715</u>	<u>\$ 534,166</u>
TOTAL RESERVES	<u>\$ 9,124,700</u>	<u>\$ 12,115,560</u>
INVESTMENT IN TANGIBLE CAPITAL ASSETS	<u>3,033,428</u>	<u>2,959,211</u>
ACCUMULATED SURPLUS	<u>\$ 12,158,128</u>	<u>\$ 15,074,771</u>

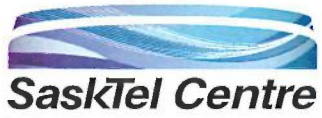
THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION
SCHEDULE OF TANGIBLE CAPITAL ASSETS
Year ended December 31, 2020, with comparative information for 2019

	Caretaking & Maintenance	Computer	Kitchen	Theatre	Sound	Lighting	Other	Total
COST								
Beginning of year	\$ 206,929	\$ 456,057	\$ 1,036,723	\$ 1,578,850	\$ 1,334,754	\$ 1,099,645	\$ 1,387,195	\$ 7,100,153
Additions	24,101	38,166	215,230	-	93,756	-	94,084	465,337
Disposals	-	-	-	-	(123,732)	-	-	(123,732)
Write-downs	-	-	-	-	-	-	-	-
End of year	231,030	494,223	1,251,953	1,578,850	1,304,778	1,099,645	1,481,279	7,441,758
ACCUMULATED AMORTIZATION								
Beginning of year	(122,503)	(313,954)	(531,793)	(905,463)	(879,181)	(545,641)	(842,407)	(4,140,942)
Amortization	(19,907)	(37,585)	(49,361)	(51,758)	(78,832)	(51,586)	(102,091)	(391,120)
Disposals	-	-	-	-	123,732	-	-	123,732
End of Year	(142,410)	(351,539)	(581,154)	(957,221)	(834,281)	(597,227)	(944,498)	(4,408,330)
NET BOOK VALUE – 2020	\$ 88,620	\$ 142,684	\$ 670,799	\$ 621,629	\$ 470,497	\$ 502,418	\$ 536,781	\$ 3,033,428
NET BOOK VALUE - 2019	\$ 84,426	\$ 142,103	\$ 504,930	\$ 673,387	\$ 455,573	\$ 554,004	\$ 544,788	\$ 2,959,211



SaskTel Centre

Saskatchewan Place Association Inc.
Financial Statements
December 31, 2020



	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, 2020, 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, 2020, 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 from previous page)

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

March 25, 2021

MNP LLP

Chartered Professional Accountants

MNP



Saskatchewan Place Association Inc.
Statement of Financial Position
As at December 31, 2020

	2020	2019
Financial Assets		
Cash and cash equivalents	3,685,632	8,272,360
Marketable securities (Note 3)	8,338,416	10,176,000
Accounts receivable (Note 7)	907,088	1,063,634
Box office and advance receivables	-	7,431
Inventory for resale	44,435	122,183
Total Financial Assets	12,975,571	19,641,608
Liabilities		
Accounts payable (Note 4, Note 7)	1,882,752	2,466,551
Advance ticket sales	2,891,892	4,566,098
Deposits	130,148	448,059
Unearned revenue	1,910,438	1,717,529
Capital lease obligation (Note 5)	161,770	196,378
Total Liabilities	6,977,000	9,394,615
Net Financial Assets	5,998,571	10,246,993
Non-Financial Assets		
Tangible capital assets (Note 6)	9,554,627	8,759,346
Prepaid expenses (Note 8)	527,007	559,606
Total Non-Financial Assets	10,081,634	9,318,952
Accumulated Surplus (Note 10)	16,080,205	19,565,945

Guarantees (Note 11)

Contingencies (Note 12)

Commitments (Note 13)

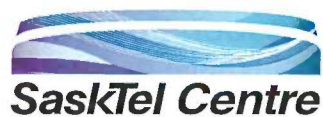
Significant event (Note 16)

Approved by the Board

Director

Director

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



Saskatchewan Place Association Inc.
Statement of Changes in Net Financial Assets
As at December 31, 2020

	2020 <i>Budget</i> <i>(Note 14)</i>	2020	2019
Annual surplus	745,146	(3,485,740)	1,356,154
Acquisition of tangible capital assets	(1,784,800)	(1,868,977)	(1,410,958)
Amortization of tangible capital assets	1,044,307	984,528	865,912
Loss on disposal of tangible capital assets	-	89,168	-
Deficit of tangible capital assets	(740,493)	(795,281)	(545,046)
Acquisition of prepaid expenses	-	(527,007)	(559,606)
Use of prepaid expenses	-	559,606	751,456
Surplus of other non-financial expenses	-	32,599	191,850
Increase (decrease) in net financial assets	4,653	(4,248,422)	1,002,958
Net financial assets, beginning of year	10,246,993	10,246,993	9,244,035
Net financial assets, end of year	10,251,646	5,998,571	10,246,993

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, 2020

	2020 <i>Budget</i> <i>(Note 14)</i>	2020	2019
Revenues			
Operations	17,291,023	3,932,018	21,565,529
Government assistance (Note 15)	-	1,085,809	-
Ancillary charges	1,056,177	499,667	2,270,524
Investment income	610,412	378,285	585,060
Total Revenues	18,957,612	5,895,779	24,421,113
Expenses			
Production costs	6,686,318	1,639,583	10,161,423
Wages and benefits	3,222,979	3,037,246	3,859,208
Concessions	1,414,745	398,640	2,180,356
General administration (Note 7)	1,962,813	1,040,902	1,666,948
Contract staff and supplies - events	1,467,666	547,811	1,522,330
Building and equipment maintenance	1,124,177	615,325	1,240,517
Amortization	1,044,307	984,528	865,912
Utilities	678,644	564,186	699,709
Civic Buildings allocation (Note 7)	339,218	300,000	362,700
Advertising and promotion	271,599	241,279	487,176
Interest	-	12,019	18,680
Total Expenses	18,212,466	9,381,519	23,064,959
Annual Surplus (deficit)	745,146	(3,485,740)	1,356,154
Accumulated Surplus, beginning of year	19,565,945	19,565,945	18,209,791
Accumulated Surplus, end of year (Note 10)	20,311,091	16,080,205	19,565,945

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



Saskatchewan Place Association Inc.
Statement of Cash Flows
For the year ended December 31, 2020

2020 2019

Cash provided by (used for) the following activities:

Operating

Annual surplus (deficit)	(3,485,740)	1,356,154
Loss on disposal of tangible capital assets	89,168	-
Amortization	984,528	865,912

(2,412,044) 2,222,066

Accounts receivable	156,546	(199,736)
Box office and advance receivables	7,431	3,980
Inventory for resale	77,748	(20,610)
Prepaid expenses	32,599	191,850
Accounts payable	(583,799)	84,681
Advance ticket sales	(1,674,206)	(4,380,523)
Deposits	(317,911)	276,850
Unearned revenue	192,909	53,450

(4,520,727) (1,767,992)

Capital

Purchase of tangible capital assets	(1,868,977)	(1,290,206)
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Financing

Repayment of capital lease obligations	(34,608)	(32,276)
--	----------	----------

(6,424,312) (3,090,474)

Cash resources, beginning of year **18,448,360** 21,538,834

Cash resources, end of year **12,024,048** 18,448,360

Cash resources in comprised of:

Cash and cash equivalents	3,685,632	8,272,360
Marketable securities	8,338,416	10,176,000
	12,024,048	18,448,360

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. 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 for resale is valued at the lower of cost and net realizable value. Cost is determined using the first in, first out method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling costs.

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.

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.

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

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. The value of inventory has been recorded at the lower of cost or net realizable value. 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.

3. Marketable Securities

Marketable securities as at December 31, 2020 include four term deposits ranging in value of \$2,050,000 to \$2,128,000 (2019 – five term deposits ranging from \$2,000,000 to \$2,063,000) with interest rates of 2.50% to 3.15% (2019 – 2.50% to 3.15%) maturing between July 2021 and July 2024 (2019 – July 2020 to July 2024).

4. Accounts Payable

	2020	2019
Trade payables	1,882,752	2,447,986
Government remittances	-	18,565
	1,882,752	2,466,551

5. Capital Lease Obligation

	2020	2019
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 \$93,514 (2019 – 100,769)	74,423	90,725
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 \$104,651 (2019 - \$112,701)	87,347	105,653
	161,770	196,378
Less: current portion	(36,307)	(34,469)
	125,463	161,909

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

2021	43,260
2022	43,260
2023	63,103
2024	27,837
	177,460
Less: imputed interest	(15,690)
Less: current portion	(36,307)
	125,463

6. Tangible Capital Assets

Cost	<i>Land</i>	<i>Building</i>	<i>Furniture</i>	<i>Machinery</i>	<i>Computer</i>	<i>Work</i>	<i>2020</i>	<i>2019</i>
	<i>Improvements</i>	<i>Improvements</i>	<i>and Fixtures</i>	<i>and Equipment</i>	<i>Systems</i>			
Balance, beginning of year	1,534,543	5,769,265	1,173,986	6,911,824	562,564	821,045	17,328,497	15,962,539
Acquisition of tangible capital assets	-	-	-	-	-	1,868,977	1,868,977	1,410,958
Disposal of tangible capital assets	-	(102,678)	-	(210,147)	-	-	(312,825)	(45,000)
Completed projects - transfers	-	864,640	-	270,451	153,460	(1,288,551)	-	-
Balance, end of year	1,534,543	6,531,227	1,173,986	6,972,128	716,024	1,401,471	18,884,649	17,328,497
Accumulated amortization								
Balance, beginning of year	693,267	1,813,858	660,277	4,670,089	449,552	282,108	8,569,151	7,748,239
Disposals	-	(27,543)	-	(196,114)	-	-	(223,657)	(45,000)
Annual amortization	95,312	331,018	48,886	407,901	55,884	45,527	984,528	865,912
Balance, end of year	788,579	2,117,333	709,163	4,881,876	505,436	327,635	9,330,022	8,569,151
Net book value	745,964	4,413,894	464,823	2,090,252	210,588	227,635	1,401,471	9,554,627
2019 Net book value	841,276	3,955,407	513,709	2,241,735	113,012	273,162	821,045	8,759,346

The facility managed by the Association is owned and maintained by the City of Saskatoon therefore it 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 \$198,165 (2019 - \$213,470).

During the year, tangible capital assets were acquired at an aggregate cost of \$1,868,977 (2019 - \$1,410,958), of which \$nil (2019 - \$120,752) was acquired by means of capital leases, and \$1,868,977 (2019 - \$1,290,206) was acquired in cash.

7. 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:

	2020	2019
Accounts receivable	463,512	60,640
Accounts payable	1,346,394	679,368

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

Civic Buildings allocation	300,000	362,700
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.

8. Prepaid Expenses

	2020	2019
Prepaid event expenses	193,621	127,639
Prepaid credit card and ticket fees	105,195	168,530
Prepaid operating and contra expenses	228,191	263,437
	527,007	559,606

9. 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 8.6% to 10.1% of eligible employee earnings for 2020 (2019 – 8.5% to 9.9%).

Pension expense for the year amounted to \$228,572 (2019 - \$212,504) and is included in wages and benefits.

10. 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. The Board of Directors is able to approve interfund transfers as needed.

Reserve balances at December 31 are as follows:

	2020	2019
Investment in tangible capital assets	9,415,724	8,525,389
Equipment replacement reserve	1,025,271	816,206
Capital enhancement reserve	5,580,152	7,164,107
Stabilization reserve	59,058	3,060,243
Accumulated surplus	16,080,205	19,565,945

11. Guarantees

At December 31, 2020, the Association had guaranteed amounts to various artists totalling \$385,615 (2019 - \$533,650) for events to be held after year-end.

12. Contingencies

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.

13. 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.

The Association has a contract for annual service fees for its point of sales system for a five-year period. The total amount paid by the Association annually is \$73,008. The five-year period will commence when the Association begins to host certain events which is expected to occur when restrictions related to COVID-19 are lifted.

14. Budget Information

The budget information disclosed was approved by the Association's Board of Directors on November 6, 2019.

15. Government assistance

In response to the negative economic impact of COVID-19, the Government of Canada announced the Canada Emergency Wage Subsidy ("CEWS") program in April 2020. CEWS provides a wage subsidy on eligible remuneration, subject to limits per employee, to eligible employers based on certain criteria, including demonstration of revenue declines as a result of COVID-19. This subsidy is retroactive to March 15, 2020. The qualification and application of the CEWS is being assessed over multiple four-week application period segments.

The Association has determined that it has qualified for this subsidy from the March 15, 2020 effective date through December 31, 2020. The Association also intends to apply for the CEWS in subsequent application periods, subject to continuing to meet the applicable qualification criteria.

The Association will recognize government assistance when there is reasonable assurance that it will comply with the conditions required to qualify for the assistance, and that the assistance will be received. The Association recognizes government assistance as an increase in revenue to address the related expense that the assistance is intended to offset. The Association has recognized \$1,020,809 of CEWS for the 42-week period ended December 31, 2020. The Association also received government assistance during the year from the province of Saskatchewan totalling \$65,000.

16. Significant event

During the year, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on the Association due to restrictions put in place by the Canadian, provincial, and municipal governments regarding travel, business operations, and isolation/quarantine orders. The Association has been impacted by office closures, travel restrictions, cancellation or postponement of events and performances, cancellation and postponement of the National Lacrosse League, Canadian Elite Basketball League and Western Hockey League, and increased costs of compliance with other guidelines and regulation. In response to the impacts the Association has reduced costs where appropriate and initiated layoffs and restructuring in the current year and subsequent year which includes potential severance costs, the amount of which are not determinable at this time.

At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Association as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

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

Financial Statements
December 31, 2020



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, 2020 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, 2020;
- 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 and other explanatory information.

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.

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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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Saskatoon, Saskatchewan

April 27, 2021

Art Gallery of Saskatchewan Inc. (Remai Modern)

Statement of Financial Position

As at December 31, 2020

				2020	2019
				\$	\$
	Operating Fund	Capital Fund	Permanent Collection Fund	Total	Total
	\$	\$	\$	\$	\$
Assets					
Current assets					
Cash	695,317	3,429,994	847,359	4,972,670	3,448,119
Accounts receivable (notes 4 and 6)	136,302	115,000	-	251,302	1,323,960
Grants receivable (notes 4 and 6)	285,194	250,000	-	535,194	250,000
GST receivable	26,762	-	-	26,762	46,932
Prepaid expenses	-	-	-	-	120,000
Inventory	243,196	-	-	243,196	313,923
Due from other funds (note 5)	-	-	-	-	385,933
	<u>1,386,771</u>	<u>3,794,994</u>	<u>847,359</u>	<u>6,029,124</u>	<u>5,888,867</u>
Tangible capital assets (note 7)					
Facility upgrades	-	2,883,178	-	2,883,178	2,972,743
Furniture and equipment	-	470,614	-	470,614	525,641
Computer equipment and software	-	257,252	-	257,252	399,807
	<u>-</u>	<u>3,611,044</u>	<u>-</u>	<u>3,611,044</u>	<u>3,898,191</u>
Permanent collection (note 8)					
	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>1</u>
	<u>1,386,771</u>	<u>7,406,038</u>	<u>847,360</u>	<u>9,640,169</u>	<u>9,787,059</u>
Liabilities and Net Assets					
Current liabilities					
Accounts payable and accrued liabilities (notes 6 and 9)	348,543	55,000	-	403,543	953,976
Deferred revenue (note 10)	1,209,056	-	-	1,209,056	1,200,292
Due to other funds (note 5)	-	-	-	-	385,933
	<u>1,557,599</u>	<u>55,000</u>	<u>-</u>	<u>1,612,599</u>	<u>2,540,201</u>
Net assets					
Fund balances	(170,828)	7,351,038	847,360	8,027,570	7,246,858
	<u>1,386,771</u>	<u>7,406,038</u>	<u>847,360</u>	<u>9,640,169</u>	<u>9,787,059</u>
Commitment (note 6)					

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, 2020

				2020 \$	2019 \$
	Operating Fund \$	Capital Fund \$	Permanent Collection Fund \$	Total \$	Total \$
Revenue					
Grants					
City of Saskatoon (note 6)	5,646,100	509,000	-	6,155,100	5,927,651
Saskatchewan Arts Board	213,750	-	-	213,750	237,500
Canada Council for the Arts	331,650	-	-	331,650	189,000
Saskatchewan Lotteries	160,000	-	-	160,000	169,000
Other grants	67,491	-	-	67,491	34,082
Donations (note 6)	505,029	212,962	1,000,000	1,717,991	2,802,119
Self-generated revenue (notes 6 and 11)	711,835	-	-	711,835	1,575,141
Artwork donated (note 8)	-	-	124,310	124,310	490,155
Sponsorships	296,970	-	-	296,970	333,168
Interest	-	29,156	-	29,156	60,351
	<u>7,932,825</u>	<u>751,118</u>	<u>1,124,310</u>	<u>9,808,253</u>	<u>11,818,167</u>
Expenses (note 12)					
Administration and operations (note 6)	7,360,017	577,615	-	7,937,632	8,925,547
Artwork donated and purchased (note 8)	-	-	276,950	276,950	1,527,210
Programming and exhibitions	484,174	-	-	484,174	1,439,622
Amortization	-	328,785	-	328,785	324,459
	<u>7,844,191</u>	<u>906,400</u>	<u>276,950</u>	<u>9,027,541</u>	<u>12,216,838</u>
Surplus (deficit) for the year	88,634	(155,282)	847,360	780,712	(398,671)
Interfund transfers (note 5)	-	-	-	-	-
Fund balances – Beginning of year	(259,462)	7,506,320	-	7,246,858	7,645,529
Fund balances – End of year	<u>(170,828)</u>	<u>7,351,038</u>	<u>847,360</u>	<u>8,027,570</u>	<u>7,246,858</u>

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, 2020

				2020	2019
				\$	\$
	Operating Fund	Capital Fund	Permanent Collection Fund	Total	Total
	\$	\$	\$	\$	\$
Cash provided by (used in)					
Operating activities					
Surplus (deficit) for the year	88,634	(155,282)	847,360	780,712	(398,671)
Item not affecting cash					
Amortization	-	328,785	-	328,785	324,459
	88,634	173,503	847,360	1,109,497	(74,212)
Net changes in non-cash working capital					
Accounts receivable	801,726	(115,000)	385,932	1,072,658	(311,201)
Grants receivable	(285,194)	-	-	(285,194)	195,937
GST receivable	20,170	-	-	20,170	404,065
Prepaid expenses	120,000	-	-	120,000	(61,370)
Inventory	70,727	-	-	70,727	(50,666)
Accounts payable and accrued liabilities	(550,433)	-	-	(550,433)	183,687
Deferred revenue	8,764	-	-	8,764	(270,745)
	185,760	(115,000)	385,932	456,692	89,707
	274,394	58,503	1,233,292	1,566,189	15,495
Investing activities					
Purchase of capital assets	-	(41,638)	-	(41,638)	(33,171)
Financing activities					
Net change in interfund balances	-	385,933	(385,933)	-	-
Net change in cash	274,394	402,798	847,359	1,524,551	(17,676)
Cash – Beginning of year	420,923	3,027,196	-	3,448,119	3,465,795
Cash – End of year	695,317	3,429,994	847,359	4,972,670	3,448,119

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

Art Gallery of Saskatchewan Inc. (Remai Modern)

Notes to Financial Statements

December 31, 2020

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.

Art Gallery of Saskatchewan Inc. (Remai Modern)

Notes to Financial Statements

December 31, 2020

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 Museum classifies its financial instruments as follows:

- 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.

Art Gallery of Saskatchewan Inc. (Remai Modern)

Notes to Financial Statements

December 31, 2020

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. Write-downs are not reversed.

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 Co-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, 2020 includes \$100,000 (2019 – \$100,000) related to the estimated fair value of contributed advertising services.

Art Gallery of Saskatchewan Inc. (Rimai Modern)

Notes to Financial Statements

December 31, 2020

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.

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

	2020 \$	2019 \$
Accounts receivable		
Operating Fund		
City of Saskatoon – River Landing Commission (note 6)	-	220,000
Rimai Modern Foundation Inc. (note 6)	5,825	620,624
Other	130,477	97,404
	<u>136,302</u>	<u>938,028</u>
Capital Fund		
Capital campaign contributions	115,000	-
Permanent Collection Fund		
Rimai Modern Foundation Inc. (note 6)	-	385,932
	<u>251,302</u>	<u>1,323,960</u>
Grants receivable		
Operating Fund		
City of Saskatoon (note 6)	285,194	-
Capital Fund		
City of Saskatoon (note 6)	250,000	250,000
	<u>535,194</u>	<u>250,000</u>

5 Interfund balances and transfers

As at December 31, 2020, \$nil (2019 – \$385,933) 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 years ended December 31, 2020 and 2019.

Art Gallery of Saskatchewan Inc. (Remai Modern)

Notes to Financial Statements

December 31, 2020

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, 2020, the Galleries had disbursed a cumulative amount of \$19,177,820 (2019 – \$19,177,820) to the City of Saskatoon related to the construction of Remai Modern.

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

The Museum recognized grant revenue from the City of \$6,155,000 (2019 – \$5,927,651) for the year ended December 31, 2020, of which \$285,194 (2019 – \$nil) was receivable as at December 31, 2020.

The accounts payable and accrued liabilities as at December 31, 2019 included \$413,545 that was 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. During the year ended December 31, 2020, the City forgave \$259,460 of the \$413,545 that had been previously accrued for as at December 31, 2019. The \$259,460 has been recorded as an offset to administration and operations expenses (note 12).

As at December 31, 2020, \$55,000 (2019 – \$55,000) is accrued for past construction costs incurred by the City and a grant receivable of \$250,000 (2019 – \$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, 2020 includes \$220,000 (2019 – \$265,002) recognized from the City for River Landing commissions. No amount was receivable related to the River Landing commissions as at December 31, 2020 (2019 – \$220,000).

Expenses for the year ended December 31, 2020 include a maintenance agreement fee of \$907,248 (2019 – \$891,800), an energy management fee of \$538,900 (2019 – \$529,700), and a capital replacement reserve allocation of \$509,000 (2019 – \$409,000) that are allocated by the City to the Museum.

Art Gallery of Saskatchewan Inc. (Rimai Modern)

Notes to Financial Statements

December 31, 2020

Rimai Modern Foundation Inc.

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

No contributions were made from the Foundation to Rimai Modern for the year ended December 31, 2020 (2019 - \$585,904).

As at December 31, 2020, the accounts receivable balance includes \$5,825 (2019 - \$1,006,556) related to the cumulative contributions that have been approved by the Foundation less amounts that have been collected by Rimai Modern on the Foundation's behalf.

7 Tangible capital assets

			2020 \$	2019 \$
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Facility upgrades	3,246,906	363,728	2,883,178	2,972,744
Furniture and equipment	706,051	235,437	470,614	525,640
Computer equipment and software	759,900	502,648	257,252	399,807
	4,712,857	1,101,813	3,611,044	3,898,191

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

8 Permanent collection

The collection consists of 555 (2019 - 547) works of art. During the year, the Museum purchased works of art for a total cost of \$152,640 (2019 - \$1,037,055). Donations to the Mendel and Rimai Modern permanent collections during the year included works of art with an appraised fair market value of \$124,310 (2019 - \$490,155). 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 Rimai Modern Art Gallery is granted Category A status by Heritage Canada.

Art Gallery of Saskatchewan Inc. (Remai Modern)

Notes to Financial Statements

December 31, 2020

9 Accounts payable and accrued liabilities

	2020 \$	2019 \$
Operating Fund		
City of Saskatoon (note 6)	-	413,545
Accrued vacation pay	215,947	235,222
Trade accounts payable	86,248	156,928
Other accrued liabilities	46,348	93,281
	348,543	898,976
Capital Fund		
City of Saskatoon (note 6)	55,000	55,000
	403,543	953,976

10 Deferred revenue

	2020			
	Balance – Beginning of year \$	Funds received \$	Revenue recognized \$	Balance – End of year \$
Frank & Ellen Remai Foundation Inc.	153,126	500,000	341,500	311,626
Other restricted contributions and sponsorships	599,204	151,487	220,430	530,261
Saskatchewan Arts Board	106,875	149,625	106,875	149,625
Saskatchewan Lotteries	84,500	-	84,500	-
Memberships	126,619	98,367	117,797	107,189
Gift cards	34,595	3,305	3,678	34,222
Advance ticket sales	19,240	16,650	35,890	-
Lecture Series	76,133	-	-	76,133
	1,200,292	919,434	910,670	1,209,056

Art Gallery of Saskatchewan Inc. (Remai Modern)

Notes to Financial Statements

December 31, 2020

11 Self-generated revenue

	2020	2019
	\$	\$
City of Saskatoon – River Landing commission (note 6)	220,000	265,002
Art & Design Store revenue	156,691	391,903
Memberships	117,797	233,267
Special events	81,145	97,453
Facility rentals, catering and restaurant	55,748	239,500
Admissions	70,209	291,312
Tours and workshops	3,529	50,930
Other	6,716	5,774
	<u>711,835</u>	<u>1,575,141</u>

12 Expense summary

	2020	2019
	\$	\$
Salaries and employee benefits	3,818,543	4,577,411
City of Saskatoon maintenance agreement fee (note 6)	907,248	891,800
Professional fees and contracts	677,543	427,642
City of Saskatoon energy management fee (note 6)	538,900	529,700
City of Saskatoon capital replacement reserve allocation (note 6)	509,000	409,000
Security guard fees	471,128	592,502
Amortization	328,785	324,459
Advertising, promotion and stewardship	282,273	485,018
Artwork donated and purchased	276,950	1,527,210
Art freight costs	272,070	406,642
Supplies, telecommunications and printing	197,486	373,063
Software, website and other IT costs	179,462	124,348
Insurance	171,216	77,614
Other	156,076	144,220
Artist and curator costs	131,694	267,467
Strategic planning and training	119,941	23,799
Cost of goods sold	112,386	188,610
Travel costs	59,627	39,565
Special events, hosting and meetings (note 6)	29,503	323,749
Publications	26,202	119,750
Photography	14,514	34,639
Repairs and maintenance	6,454	137,001
Exhibition installation	-	191,629
Forgiveness of accrued liability (note 6)	(259,460)	-
	<u>9,027,541</u>	<u>12,216,838</u>

Art Gallery of Saskatchewan Inc. (Remai Modern)

Notes to Financial Statements

December 31, 2020

13 COVID-19 pandemic

On March 11, 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) a global pandemic, resulting in significant public health measures and restrictions being put in place. Restrictions such as travel bans, closure of non-essential businesses and physical distancing have caused disruption to businesses and a significant decline in global capital markets resulting in an economic slowdown.

Management has assessed the financial impact of COVID-19 as at December 31, 2020, including the collectability of receivables, valuation of inventory, assessment of provisions and contingent liabilities, and timing of revenue recognition. Management did not identify any impact to the Museum's financial statements as at December 31, 2020.

Effective March 17, 2020, the Museum was closed to the public in an effort to help mitigate risks to the public related to the spread of COVID-19. The Museum re-opened to the public with new health and safety guidelines on August 13, 2020.

The long-term impact of the pandemic on the Museum and the economy is not yet known, and information surrounding the global economic impact of COVID-19 and the estimated length of the pandemic continues to evolve. Future impacts of the pandemic may continue to have a financial effect on the Museum's future revenues and operating results. It is not possible to estimate the full financial impact of COVID-19 on the Museum's financial results subsequent to December 31, 2020.

14 Comparative figures

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