

2021 Audited Financial Statements – Civic Boards

Financial Statements of

**THE CENTENNIAL
AUDITORIUM &
CONVENTION CENTRE
CORPORATION**

And Independent Auditors' Report thereon

Year ended December 31, 2021



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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 Entity), which comprise:

- the statement of financial position as at December 31, 2021
- 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, 2021 and its results of 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 "***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 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.

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, 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 31, 2022

THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION

Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
Financial Assets:		
Cash	\$ 1,562,502	\$ 2,677,371
Investments (note 3)	7,661,399	9,505,413
Accounts receivable (notes: 4, 11)	1,043,921	585,794
	<u>\$ 10,267,822</u>	<u>\$ 12,768,578</u>
Financial Liabilities:		
Accounts payable and accrued liabilities (note 11)	\$ 2,343,651	\$ 1,852,148
Deferred revenue (note 6)	1,075,340	1,271,222
Advance ticket sales (note 5)	1,089,421	353,632
Rental deposits	347,213	392,940
	<u>4,855,625</u>	<u>3,869,942</u>
Net Financial Assets	5,412,197	8,898,636
Non-Financial Assets		
Inventory	68,181	82,860
Prepaid expenses	115,867	143,204
Tangible capital assets (Schedule 3)	3,232,838	3,033,428
	<u>3,416,886</u>	<u>3,259,492</u>
Accumulated surplus	\$ 8,829,083	\$ 12,158,128
Contractual rights (note 7)		
Commitments to the City of Saskatoon (note 8)		

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION

Statement of Operations

Year ended December 31, 2021, with comparative information for 2020

	2021 Budget (note 12)	2021 Actual	2020 Actual
Operating Revenue:			
Sales	\$ 4,036,009	\$ 1,475,358	\$ 1,726,735
Interest income	227,623	237,311	299,799
Sponsorship	260,700	209,522	240,540
	<u>4,524,332</u>	<u>1,922,191</u>	<u>2,267,074</u>
Operating expenditures:			
Direct (Schedule 1)	2,709,015	1,500,164	1,682,530
Facility (Schedule 1)	1,950,209	1,537,025	1,585,322
Administration (Schedule 1)	1,304,903	1,338,835	1,299,136
Amortization (Schedule 3)	491,252	445,902	391,120
Loss (gain) on disposal of tangible capital assets	-	104,040	(123)
	<u>6,455,379</u>	<u>4,925,966</u>	<u>4,957,985</u>
Operating margin	(1,931,047)	(3,003,775)	(2,690,911)
Other revenue and expenditures:			
Funding by City of Saskatoon	500,000	500,000	500,000
Reimbursement to City of Saskatoon	(725,270)	(725,270)	(725,732)
Contribution to City of Saskatoon	-	(100,000)	-
Deficit of revenue over expenditures	(2,156,317)	(3,329,045)	(2,916,643)
Accumulated surplus, beginning of year	12,158,128	12,158,128	15,074,771
Accumulated surplus, end of year	<u>\$ 10,001,811</u>	<u>\$ 8,829,083</u>	<u>\$ 12,158,128</u>

See accompanying notes to financial statements.

THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION

Statement of Changes in Net Financial Assets

Year ended December 31, 2021, with comparative information for 2020

	Budget (note 12)	2021	2020
Deficit of revenue over expenditures	\$ (2,156,817)	\$ (3,329,045)	\$ (2,916,643)
Acquisition of tangible capital assets	(885,737)	(755,752)	(465,337)
Amortization of tangible capital assets	491,252	445,902	391,120
Loss on disposal of tangible capital assets	-	110,440	-
	(2,551,302)	(3,528,455)	(2,990,860)
Use of inventory	-	14,679	(8,047)
Acquisition of prepaid expenses and deferred charges	-	27,337	(74,255)
Change in net financial assets	(1,665,565)	(3,486,439)	(3,073,162)
Net financial assets beginning of year	8,898,636	8,898,636	11,971,798
Net financial assets end of year	\$ 7,233,071	\$ 5,412,197	\$ 8,898,636

See accompanying notes to financial statements.

THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION

Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Operating activities:		
Deficit of revenue over expenditures	\$ (3,329,045)	\$ (2,916,643)
Non-cash items included in surplus for the year:		
Amortization	445,902	391,120
Loss on disposal of tangible capital assets	110,440	-
Changes in non-cash working capital relating to operations:		
Accounts receivable	(458,127)	676,568
Inventory	14,679	(8,047)
Prepaid expenses and deferred charges	27,337	(74,255)
Accounts payable and accrued liabilities	491,503	(209,600)
Deferred revenue	(195,882)	(205,397)
Advance ticket sales	735,789	(647,053)
Rental deposits	(45,727)	(56,692)
	(2,203,131)	(3,049,999)
Capital activities:		
Acquisition of tangible capital assets	(755,752)	(465,337)
	(755,752)	(465,337)
Investing activities:		
Purchase of investments	-	(1,020,808)
Investment maturities	2,000,000	2,000,000
Accrued interest	(155,986)	(152,028)
	1,844,014	827,164
Net decrease in cash	(1,114,869)	(2,688,172)
Cash position, beginning of year	2,677,371	5,365,543
Cash position, end of year	\$ 1,562,502	\$ 2,677,371
Cash interest included in deficit of revenue over expenditures:		
Interest received	134,703	146,366
Interest paid to City of Saskatoon	(40,495)	(71,219)

See accompanying notes to financial statements.

THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION

Notes to Financial Statements

Year ended December 31, 2021

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 (the "City").

2. Significant accounting policies:

(a) Basis of presentation:

These financial statements of the Corporation are prepared by management in accordance with Canadian public sector standards ("PSAS") for local governments.

The Corporation's significant accounting policies are as follows:

(b) 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 revivable, 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.

(c) 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.

(d) 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 two years.

THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2021

2. Significant accounting policies (continued):

(e) 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 straightline basis over their estimated useful lives as follows:

Asset	Rate
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
Furniture and fixtures	5 to 20 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.

(f) 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.

THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2021

2. Significant accounting policies (continued):

(g) 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 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.

(h) 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.

THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2021

2. Significant accounting policies (continued):

(h) Revenue recognition (continued):

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.

(i) 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.

(j) 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.

THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2021

3. Investments:

	2021	2020
Guaranteed Investment Certificate 3.37% maturing January 29, 2024	\$ 2,000,000	\$ 2,000,000
Guaranteed Investment Certificate 2.65% maturing January 30, 2023	2,000,000	2,000,000
Term deposit 2.00% maturing February 28, 2022	1,082,490	1,061,208
Term deposit 2.40% maturing January 28, 2024	1,000,000	1,000,000
Guaranteed Investment Certificate 3.09% maturing May 1, 2023	1,000,000	1,000,000
Term deposit 1.75% maturing January 28, 2021	-	1,000,000
Term deposit 1.75% maturing April 28, 2021	-	1,000,000
Accrued interest	578,909	444,205
	\$ 7,661,399	\$ 9,505,413

4. Accounts receivable:

	2021	2020
Funding receivable from the City of Saskatoon (note 11) \$	600,000	\$ 500,000
Other receivables	232,532	32,302
Trade receivables	230,061	54,032
Allowance for doubtful accounts	(18,672)	(540)
	\$ 1,043,921	\$ 585,794

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 Financial Statements (continued)

Year ended December 31, 2021

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 also be recognized over ten years.

	2021	2020
Naming rights	\$ 984,375	\$ 1,181,250
Sponsorship contracts	90,965	89,972
	\$ 1,075,340	\$ 1,271,222

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
2022	\$ 67,000	\$ 24,533	\$ 12,000	\$ 103,533
2023	83,500	16,200	12,000	111,700
2024	24,500	16,200	12,000	52,700
2025	-	-	12,000	12,000
2026	-	-	12,000	12,000
Thereafter	-	-	15,000	15,000
	\$ 175,000	\$ 56,933	\$ 75,000	\$ 306,933

THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2021

8. Commitments to the City of Saskatoon:

In connection with an energy performance improvement contract between the City of Saskatoon and MCW Custom Energy Solutions Ltd., the Corporation agreed to a cost sharing arrangement with the City by committing to pay an energy performance loan over 10 years as follows:

2022	\$	81,469
2023		110,744
2024		113,568
2025		116,392
2026		119,217
Thereafter		671,174
	\$	1,212,564

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 last reimbursement for the improvements to the facility, which is owned by the City of Saskatoon, is \$87,423.

In connection with the Downtown Entertainment and Event District ("DEED"), the Corporation agreed to a commitment of \$2.7 million to the City of Saskatoon to fund the DEED project. The annual contribution is subject to the Corporation's financial capacity and continued progress on the DEED project.

THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2021

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 \$243,896 (2020 - \$184,108) 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.

(a) 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.

(b) 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 debt 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, 2021, the Corporation had \$45,253 of overdue receivables that are not impaired in the financial statements (2020 - \$45,755).

(c) 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, 2021, 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 Financial Statements (continued)

Year ended December 31, 2021

10. Financial instruments and risk management: (continued):

(d) 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 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:

	2021	2020
Accounts receivable from the City of Saskatoon	\$ 601,154	\$ 520,581
Accounts payable and accrued liabilities to the City of Saskatoon	1,587,362	1,251,741
Revenue from events held by the City of Saskatoon	-	17,085
Utilities expenses charges by the City of Saskatoon	413,227	532,216
Insurance expense charged by the City of Saskatoon	119,374	111,000
Operating grant from the City of Saskatoon	500,000	500,000
Reimbursement to the City of Saskatoon	725,270	725,732

12. Budgeted figures:

Budgeted figures included in the financial statements were approved by the Board of Directors on October 29, 2020 and by the City of Saskatoon Council on November 25, 2019. Starting with the 2020 and 2021 budgets, the City of Saskatoon implemented a multi-year budget.

13. 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

Notes to Financial Statements (continued)

Year ended December 31, 2021

14. Continuity of operations:

On March 11, 2020, the World Health Organization declared the Coronavirus (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 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 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, 2021, 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, 2021, 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. On July 26, 2021, TCU Place and the City of Saskatoon entered into a loan agreement.

TCU Place has available an operating line of credit of \$3 million with the City of Saskatoon. The line of credit bears interest at 1.24% for 2021. No amount is outstanding as at December 31, 2021.

THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION

Schedule 1 - Operating expenditures

Year ended December 31, 2021, with comparative information for 2020

	Budget	2021	2020
Direct :			
Salaries	\$ 1,488,251	\$ 780,667	\$ 894,712
Cost of food and beverages	534,296	280,265	327,677
Supplies	325,308	116,078	170,642
Theatre production costs	221,289	65,690	132,572
Credit card charges	2,500	18,640	26,997
Other expenses	32,104	123,344	43,576
Advertising and promotion	71,179	77,597	66,850
Telephone	22,068	15,109	21,950
Equipment maintenance	9,020	4,600	4,201
Bad debts (recovery)	3,000	18,174	(6,647)
	\$ 2,709,015	\$ 1,500,164	\$ 1,682,530
Facility			
Utilities	\$ 738,677	\$ 609,143	\$ 668,395
Salaries and benefits	734,507	601,331	579,158
Maintenance	299,187	189,650	200,309
Insurance	110,953	119,374	111,000
Service contracts	66,885	17,527	26,460
	\$ 1,950,209	\$ 1,537,025	\$ 1,585,322
Administration			
Salaries and benefits	\$ 1,099,819	\$ 1,174,937	\$ 1,121,945
Professional fees	26,500	33,520	64,079
IT consultant and support	36,470	56,146	46,738
Training and staff morale	43,695	23,003	17,584
Office supplies and equipment	30,201	23,059	13,671
Bank charges and interest expense	18,380	13,234	10,913
Memberships, subscriptions and licenses	12,148	8,273	9,420
Travel	12,150	5	4,973
Board of directors	2,780	1,836	4,173
Printing and postage	6,260	1,827	2,198
Strategic Initiative	16,500	2,995	3,442
	\$ 1,304,903	\$ 1,338,835	\$ 1,299,136

THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION

Schedule 2 - Reserves

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Capital expansion reserve		
Balance, beginning of year	\$ 3,489,208	\$ 6,773,941
Allocation from operations	230,877	230,877
Interest earned	91,270	154,412
Transfer to Stabilization Reserve	(3,811,355)	(3,575,938)
Expenditures	-	(94,084)
Balance, end of year	-	3,489,208
Equipment replacement reserve		
Balance, beginning of year	5,008,777	4,807,453
Allocation from operations	460,648	460,648
Interest earned	120,058	111,929
Expenditures	(755,753)	(371,253)
Balance, end of year	4,833,730	5,008,777
Stabilization reserve		
Balance, beginning of year	626,715	534,166
Allocation to operations	(3,675,555)	(3,483,389)
Transfer from capital expansion reserve	3,811,355	3,575,938
	762,515	626,715
Total reserves	5,596,245	9,124,700
Investment in tangible capital assets	3,232,838	3,033,428
Accumulated surplus	8,829,083	12,158,128

THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION

Schedule 3 - Tangible capital assets

Year ended December 31, 2021, with comparative information for 2020

Title	Caretaking & Maintenance	Computer	Kitchen	Theatre	Sound	Lighting	Other	Total
Cost								
Beginning of year	231,030	494,223	1,251,953	1,578,850	1,304,778	1,099,645	1,481,279	7,441,758
Additions	-	242,535	213,961	-	204,707	-	94,549	755,752
Disposals	(37,631)	(284,555)	(305,638)	-	(111,809)	-	(181,248)	(920,881)
End of year	193,399	452,203	1,160,276	1,578,850	1,397,676	1,099,645	1,394,580	7,276,629
Accumulated amortization								
Beginning of year	(142,410)	(351,539)	(581,154)	(957,221)	(834,281)	(597,227)	(944,498)	(4,408,330)
Amortization	(16,738)	(66,887)	(69,763)	(51,758)	(84,505)	(61,558)	(94,693)	(445,902)
Disposals	30,015	283,961	226,131	-	110,763	-	159,571	810,441
End of year	(129,133)	(134,465)	(424,786)	(1,008,979)	(808,023)	(658,785)	(879,620)	(4,043,791)
Net book value,								
beginning of year	88,620	142,684	670,799	621,629	470,497	502,418	536,781	3,033,428
Net book value,								
end of year	64,266	317,738	735,490	569,871	589,653	440,860	514,960	3,232,838

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

**Financial Statements
December 31, 2021**



Independent auditor's report

To the Board of Directors of Art Gallery of Saskatchewan Inc. (Remai Modern)

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Art Gallery of Saskatchewan Inc. (Remai Modern) (the Museum) as at December 31, 2021 and the results of its operations, its remeasurement gains and losses 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, 2021;
- 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 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 29, 2022


Art Gallery of Saskatchewan Inc. (Remai Modern)


Statement of Financial Position

As at December 31, 2021

				2021	2020
	Operating Fund \$	Capital Fund \$	Permanent Collection Fund \$	Total \$	Total \$
Assets					
Current assets					
Cash	1,110,497	3,571,369	1,578,708	6,260,574	4,972,670
Accounts receivable (notes 4 and 5)	281,302	50,000	-	331,302	251,302
Grants receivable (notes 4 and 5)	285,194	250,000	-	535,194	535,194
GST receivable	66,903	-	-	66,903	26,762
Prepaid expenses	8,989	-	-	8,989	-
Inventory	206,820	-	-	206,820	243,196
	<u>1,959,705</u>	<u>3,871,369</u>	<u>1,578,708</u>	<u>7,409,782</u>	<u>6,029,124</u>
Tangible capital assets (note 6)					
Facility upgrades	-	2,775,064	-	2,775,064	2,883,178
Furniture and equipment	-	416,424	-	416,424	470,614
Computer equipment and software	-	152,996	-	152,996	257,252
	<u>-</u>	<u>3,344,484</u>	<u>-</u>	<u>3,344,484</u>	<u>3,611,044</u>
Permanent collection (notes 3(f) and 7)					
	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>1</u>
	<u>1,959,705</u>	<u>7,215,853</u>	<u>1,578,709</u>	<u>10,754,267</u>	<u>9,640,169</u>
Liabilities and Net Assets					
Current liabilities					
Accounts payable and accrued liabilities (notes 5 and 8)	683,775	55,000	-	738,775	403,543
Deferred revenue (note 9)	1,116,232	-	-	1,116,232	1,209,056
	<u>1,800,007</u>	<u>55,000</u>	<u>-</u>	<u>1,855,007</u>	<u>1,612,599</u>
Net assets					
Fund balances	159,698	7,160,853	1,578,709	8,899,260	8,027,570
	<u>1,959,705</u>	<u>7,215,853</u>	<u>1,578,709</u>	<u>10,754,267</u>	<u>9,640,169</u>
Commitment (note 5)					
Subsequent event (note 13)					

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, 2021

			2021	2020	
	Operating Fund \$	Capital Fund \$	Permanent Collection Fund \$	Total \$	Total \$
Revenue					
Grants					
City of Saskatoon (note 5)	5,858,516	609,000	-	6,467,516	6,155,100
Saskatchewan Arts Board	213,750	-	-	213,750	213,750
Canada Council for the Arts	240,250	-	-	240,250	331,650
Saskatchewan Lotteries	160,000	-	-	160,000	160,000
Tourism Saskatchewan	41,500	-	-	41,500	-
Other grants	94,544	-	-	94,544	67,491
Donations (note 3(h))	1,239,972	191,425	1,144,000	2,575,397	1,717,991
Self-generated revenue (notes 5 and 10)	956,793	-	-	956,793	711,835
Artwork donated (note 7)	-	-	2,527,640	2,527,640	124,310
Sponsorships	387,110	-	-	387,110	296,970
Interest	-	21,332	-	21,332	29,156
	<u>9,192,435</u>	<u>821,757</u>	<u>3,671,640</u>	<u>13,685,832</u>	<u>9,808,253</u>
Expenses (note 11)					
Administration and operations (notes 3(h) and 5)	8,215,247	675,089	15,267	8,905,603	7,937,632
Artwork donated and purchased (note 7)	-	-	2,925,024	2,925,024	276,950
Programming and exhibitions	646,662	-	-	646,662	484,174
Amortization	-	336,853	-	336,853	328,785
	<u>8,861,909</u>	<u>1,011,942</u>	<u>2,940,291</u>	<u>12,814,142</u>	<u>9,027,541</u>
Surplus (deficit) for the year	330,526	(190,185)	731,349	871,690	780,712
Fund balances – Beginning of year	(170,828)	7,351,038	847,360	8,027,570	7,246,858
Fund balances – End of year	<u>159,698</u>	<u>7,160,853</u>	<u>1,578,709</u>	<u>8,899,260</u>	<u>8,027,570</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, 2021

				2021	2020
				\$	\$
	Operating Fund	Capital Fund	Permanent Collection Fund	Total	Total
	\$	\$	\$	\$	\$
Cash provided by (used in)					
Operating activities					
Surplus (deficit) for the year	330,526	(190,185)	731,349	871,690	780,712
Item not affecting cash					
Amortization	-	336,853	-	336,853	328,785
	330,526	146,668	731,349	1,208,543	1,109,497
Net changes in non-cash working capital items					
Accounts receivable	(145,000)	65,000	-	(80,000)	1,072,658
Grants receivable	-	-	-	-	(285,194)
GST receivable	(40,141)	-	-	(40,141)	20,170
Prepaid expenses	(8,989)	-	-	(8,989)	120,000
Inventory	36,376	-	-	36,376	70,727
Accounts payable and accrued liabilities	335,232	-	-	335,232	(550,433)
Deferred revenue	(92,824)	-	-	(92,824)	8,764
	84,654	65,000	-	149,654	456,692
	415,180	211,668	731,349	1,358,197	1,566,189
Investing activities					
Purchase of capital assets	-	(70,293)	-	(70,293)	(41,638)
Change in cash during the year	415,180	141,375	731,349	1,287,904	1,524,551
Cash – Beginning of year	695,317	3,429,994	847,359	4,972,670	3,448,119
Cash – End of year	1,110,497	3,571,369	1,578,708	6,260,574	4,972,670

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

Art Gallery of Saskatchewan Inc. (Remai Modern)

Notes to Financial Statements

December 31, 2021

1 Description of the organization

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 (Canada).

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 (the City).

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; and
- 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

Cash consists 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, 2021

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:

- i) 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;
- ii) 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 surplus (deficit); and
- iii) 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 surplus (deficit).

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.

Art Gallery of Saskatchewan Inc. (Remai Modern)

Notes to Financial Statements

December 31, 2021

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.

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 value 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.

Art Gallery of Saskatchewan Inc. (Remai Modern)

Notes to Financial Statements

December 31, 2021

Donations revenue and administration and operations expense for the year ended December 31, 2021 include \$190,922 (2020 – \$100,000) related to the estimated fair value of contributed supplies and 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 as at the date of the financial statements and revenue and expenses during the reporting period. Actual results could differ from those estimates.

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

4 Accounts receivable and grants receivable

	2021 \$	2020 \$
Accounts receivable		
Operating Fund		
City of Saskatoon – River Landing commission (note 5)	220,000	-
Remai Modern Foundation Inc. (note 5)	-	5,825
Other	61,302	130,477
	<u>281,302</u>	<u>136,302</u>
Capital Fund		
Capital campaign contributions	50,000	115,000
	<u>331,302</u>	<u>251,302</u>
Grants receivable		
Operating Fund		
City of Saskatoon (note 5)	285,194	285,194
Capital Fund		
City of Saskatoon (note 5)	250,000	250,000
	<u>535,194</u>	<u>535,194</u>

(4)

Art Gallery of Saskatchewan Inc. (Rimai Modern)

Notes to Financial Statements

December 31, 2021

5 Related party transactions

Saskatoon Gallery and Conservatory Corporation

The Saskatoon Gallery and Conservatory Corporation and Rimai Modern have common management and are under common control.

In 2012, the Saskatoon Gallery and Conservatory Corporation and Rimai Modern (collectively, the Galleries) launched a fundraising campaign to raise \$20 million for the capital construction of Rimai Modern Art Gallery of Saskatchewan. Pledges exceeding \$20 million have been made to the campaign, and as at December 31, 2021, the Galleries had disbursed a cumulative amount of \$19,177,820 (2020 – \$19,177,820) to the City related to the construction of Rimai Modern.

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

City of Saskatoon

The City is the sole membership unitholder of the Rimai Modern.

The Museum recognized grant revenue from the City of \$6,467,516 (2020 – \$6,155,100) for the year ended December 31, 2021, of which \$285,194 (2020 – \$285,194) was receivable as at December 31, 2021.

The accounts payable and accrued liabilities balance as at December 31, 2021 includes \$233,416 (200 – \$nil) that is payable to the City related to salaries and employee benefits in excess of the 2021 operating agreement that were incurred by Rimai Modern and paid by the City. During the year ended December 31, 2021, the City forgave \$nil (2020 – \$259,460) previously accrued for amounts. Current and prior period recoveries have been recorded as an offset to administration and operations expenses (note 11).

As at December 31, 2021, \$55,000 (2020 – \$55,000) is accrued for past construction costs incurred by the City and a grant receivable of \$250,000 (2020 – \$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, 2021 includes \$220,000 (2020 – \$220,000) recognized from the City for River Landing commissions. As at December 31, 2021 \$220,000 (2020 – \$nil) was receivable related to the River Landing commissions agreement.

Expenses for the year ended December 31, 2021 include a maintenance agreement fee of \$922,600 (2020 – \$907,248), a energy management fee of \$548,100 (2020 – \$538,900), a risk management insurance allocation of \$87,816 (2020 – \$81,600) and a capital replacement reserve allocation of \$609,000 (2020 – \$509,000) that are allocated by the City to the Museum.

Art Gallery of Saskatchewan Inc. (Rimai Modern)

Notes to Financial Statements

December 31, 2021

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.

Contributions of \$644,000 (2020 – \$nil) were made from the Foundation to Rimai Modern for the year ended December 31, 2021.

As at December 31, 2021, the accounts receivable balance includes \$nil (2020 – \$5,825) 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.

6 Tangible capital assets

			2021	2020
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Facility upgrades	3,247,209	472,145	2,775,064	2,883,178
Furniture and equipment	723,318	306,894	416,424	470,614
Computer equipment and software	812,927	659,931	152,996	257,252
	4,783,454	1,438,970	3,344,484	3,611,044

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

7 Permanent collection

The collection consists of 568 (2020 – 555) works of art. During the year, the Museum purchased works of art for a total cost of \$397,384 (2020 – \$152,640). Donations to the Mendel and Rimai Modern permanent collections during the year included works of art with an appraised fair market value of \$2,527,640 (2020 – \$124,310). The artwork that is part of the Mendel permanent collection is currently under the control and custody of the Saskatoon Gallery and Conservatory Corporation. Rimai Modern Art Gallery has been granted Category A status by Heritage Canada and will take control and custody of the permanent collection upon the wind up of the Saskatoon Gallery and Conservatory Corporation.

Art Gallery of Saskatchewan Inc. (Remai Modern)

Notes to Financial Statements

December 31, 2021

8 Accounts payable and accrued liabilities

	2021 \$	2020 \$
Operating Fund		
City of Saskatoon (note 5)	233,416	-
Accrued vacation pay	206,429	215,947
Trade accounts payable	191,288	86,248
Other accrued liabilities	52,642	46,348
	683,775	348,543
Capital Fund		
City of Saskatoon (note 5)	55,000	55,000
	738,775	403,543

9 Deferred revenue

	2021			
	Balance – Beginning of year \$	Funds received \$	Revenue recognized \$	Balance – End of year \$
Frank & Ellen Remai Foundation Inc.	311,626	500,000	350,000	461,626
Other restricted contributions and sponsorships	530,261	110,156	352,081	288,336
Saskatchewan Arts Board	149,625	149,625	149,625	149,625
Memberships	107,189	162,547	172,485	97,251
Lecture series	76,133	-	-	76,133
Gift cards	34,222	8,575	12,556	30,241
Advance ticket sales	-	13,020	-	13,020
	1,209,056	943,923	1,036,747	1,116,232

(7)

Art Gallery of Saskatchewan Inc. (Remai Modern)

Notes to Financial Statements

December 31, 2021

10 Self-generated revenue

	2021 \$	2020 \$
City of Saskatoon – River Landing commission (note 5)	220,000	220,000
Art & Design Store revenue	229,780	156,691
Memberships	173,491	117,797
Facility rentals, catering and restaurant	117,211	55,748
Special events	95,157	81,145
Other	34,414	6,716
Admissions	58,002	70,209
Tours and workshops	28,738	3,529
	<u>956,793</u>	<u>711,835</u>

11 Expense summary

	2021 \$	2020 \$
Salaries and employee benefits	4,446,892	3,818,543
Artwork donated and purchased	2,925,024	276,950
City of Saskatoon maintenance agreement fee (note 5)	922,600	907,248
City of Saskatoon energy management fee (note 5)	548,100	538,900
City of Saskatoon capital replacement reserve allocation (note 5)	609,000	509,000
Security guard fees	506,924	471,128
Professional fees and contracts	475,994	677,543
Supplies, telecommunications and printing	415,048	197,486
Artist and curator costs	375,411	131,694
Amortization	336,853	328,785
Advertising, promotion and stewardship	295,828	282,273
Art freight costs	177,013	272,070
Software, website and other IT costs	134,676	179,462
Insurance (note 5)	122,402	171,216
Cost of goods sold	106,615	112,386
Other	109,127	156,076
Strategic planning and training	82,632	119,941
Travel costs	58,863	59,627
Photography	57,570	14,514
Publications	43,730	26,202
Special events, hosting and meetings	37,888	29,503
Repairs and maintenance	13,025	6,454
Bad debt expense	12,927	-
Forgiveness of accrued liability (note 5)	-	(259,460)
	<u>12,814,142</u>	<u>9,027,541</u>

Art Gallery of Saskatchewan Inc. (Remai Modern)

Notes to Financial Statements

December 31, 2021

12 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, 2021, 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, 2021.

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 and remained open throughout the year ended December 31, 2021. The Museum received \$51,281 of COVID-19 related grant funding from the Saskatchewan Government during the period.

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, 2021.

13 Subsequent event

Subsequent to December 31, 2021, the Museum began the process of terminating its contract with its food and beverage provider. As a result, the Museum will be required to repurchase items of property, plant and equipment at an amount equal to the assets' net book value. Other financial impacts may include a cancellation fee for terminating the contract before the agreed upon end date. At this time, the estimated financial effect is between \$200,000 and \$300,000.



SaskTel Centre

Saskatchewan Place Association Inc.
Financial Statements
December 31, 2021



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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, 2021, 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, 2021, 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 31, 2022

MNP LLP

Chartered Professional Accountants

	2021	2020
Financial Assets		
Cash and cash equivalents	9,085,417	3,685,632
Marketable securities (Note 3)	6,370,906	8,338,416
Accounts receivable (Note 6)	1,570,257	907,088
Box office and advance receivables	429,142	-
Inventory for resale	175,056	44,435
Total Financial Assets	17,630,778	12,975,571
Liabilities		
Accounts payable (Note 4, Note 6)	9,038,239	1,882,752
Advance ticket sales	3,340,377	2,891,892
Deposits	114,967	130,148
Unearned revenue	1,848,788	1,910,438
Capital lease obligation (Note 5)	125,464	161,770
Total Liabilities	14,467,835	6,977,000
Net Financial Assets	3,162,943	5,998,571
Non-Financial Assets		
Tangible capital assets (Note 9)	8,758,971	9,554,627
Prepaid expenses (Note 7)	439,023	527,007
Total Non-Financial Assets	9,197,994	10,081,634
Accumulated Surplus (Note 10)	12,360,937	16,080,205

Guarantees (Note 11)

Contingencies (Note 12)


Commitments (Note 13)

Subsequent event (Note 14)

Approved by the Board



Director



Director

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

	2021 <i>Budget</i> <i>(Note 15)</i>	2021	2020
Annual deficit	(1,617,100)	(3,719,268)	(3,485,740)
Acquisition of tangible capital assets	(866,500)	(280,202)	(1,868,977)
Amortization of tangible capital assets	1,049,300	1,058,274	984,528
Loss on disposal of tangible capital assets	-	17,584	89,168
Surplus (deficit) of tangible capital assets	182,800	795,656	(795,281)
Acquisition of prepaid expenses	-	(439,023)	(527,007)
Use of prepaid expenses	-	527,007	559,606
Surplus of other non-financial expenses	-	87,984	32,599
Decrease in net financial assets	(1,434,300)	(2,835,628)	(4,248,422)
Net financial assets, beginning of year	5,998,571	5,998,571	10,246,993
Net financial assets, end of year	4,564,271	3,162,943	5,998,571

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, 2021

	2021 <i>Budget</i> <i>(Note 15)</i>	2021	2020
Revenues			
Operations	9,496,519	4,758,971	3,932,018
Ancillary charges	871,197	1,528,156	499,667
Investment income	236,691	231,406	378,285
Total Revenues	10,604,407	6,518,533	4,809,970
Expenses			
Production costs	4,120,442	1,353,044	1,639,583
Wages and benefits	2,719,366	2,526,279	3,037,246
Concessions	922,422	486,913	398,640
General administration <i>(Note 6)</i>	1,013,925	1,480,177	1,040,902
Contract staff and supplies - events	686,626	638,885	547,811
Building and equipment maintenance	579,049	587,563	615,325
Amortization	1,049,300	1,058,274	984,528
Utilities	617,447	561,191	564,186
Civic Buildings allocation <i>(Note 6)</i>	300,000	300,000	300,000
Advertising and promotion	212,930	231,873	241,279
Interest	-	15,753	12,019
Total Expenses	12,221,507	9,239,952	9,381,519
Annual deficit before other items	(1,617,100)	(2,721,419)	(4,571,549)
Other items			
Government assistance <i>(Note 16)</i>	-	(997,849)	1,085,809
Annual Deficit	(1,617,100)	(3,719,268)	(3,485,740)
Accumulated Surplus, beginning of year	16,080,205	16,080,205	19,565,945
Accumulated Surplus, end of year <i>(Note 10)</i>	14,463,105	12,360,937	16,080,205

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

	2021	2020
Cash provided by (used for) the following activities:		
Operating		
Annual deficit	(3,719,268)	(3,485,740)
Loss on disposal of tangible capital assets	17,584	89,168
Amortization	1,058,274	984,528
	(2,643,410)	(2,412,044)
Accounts receivable	(663,169)	156,546
Box office and advance receivables	(429,142)	7,431
Inventory for resale	(130,621)	77,748
Prepaid expenses	87,984	32,599
Accounts payable	7,155,487	(583,799)
Advance ticket sales	448,485	(1,674,206)
Deposits	(15,181)	(317,911)
Unearned revenue	(61,650)	192,909
	3,748,783	(4,520,727)
Capital		
Purchase of tangible capital assets	(280,202)	(1,868,977)
Financing		
Repayment of capital lease obligations	(36,306)	(34,608)
Increase (decrease) in cash	3,432,275	(6,424,312)
Cash resources, beginning of year	12,024,048	18,448,360
Cash resources, end of year	15,456,323	12,024,048
Cash resources in comprised of:		
Cash and cash equivalents	9,085,417	3,685,632
Marketable securities	6,370,906	8,338,416
	15,456,323	12,024,048

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.

Impact on operations of COVID-19 (coronavirus)

In early March 2020 the impact of the global outbreak of COVID-19 (coronavirus) began to have a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders.

The Association's operations were impacted by COVID-19 due to reduced customer demand in industry, and cancellation of events resulting in a significant decline in revenue.

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 virus, 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. While the extent of the impact is unknown, we anticipate this outbreak may cause reduced customer demand and increased government regulations, all of which may negatively impact the Association's financial position.

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.

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

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.

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.

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

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, 2021 include three term deposits ranging in value of \$2,101,250 to \$2,164,304 (2020 - four term deposits ranging from \$2,050,000 to \$2,128,000) with interest rates of 2.50% to 2.65% (2020 - 2.50% to 3.15%) maturing between July 2022 and July 2024 (2020 - July 2021 to July 2024).

4. Accounts Payable

	2021	2020
Trade payables	5,829,931	1,882,752
Payables related to cancelled events	2,060,605	-
Canadian Emergency Wage Subsidy repayable	1,052,374	-
Government remittances	95,329	-
	9,038,239	1,882,752

5. Capital Lease Obligation

	2021	2020
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 \$86,321 (2020 - 93,514)	57,219	74,423
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 \$96,601 (2020 - \$104,651)	68,254	87,347
	125,463	161,770
Less: current portion	(37,939)	(36,307)
	87,525	125,463

5. Capital Lease Obligation *(continued from previous page)*

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

2022	43,260
2023	63,103
2024	27,837
	<hr/>
	134,200
Less: imputed interest	(8,736)
Less: current portion	(37,939)
	<hr/>
	87,525
	<hr/>

6. 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:

	2021	2020
Accounts receivable	447,904	463,512
Accounts payable	4,361,856	1,346,394

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

Civic Buildings allocation	300,000	300,000
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.

7. Prepaid Expenses

	2021	2020
Prepaid event expenses	73,622	193,621
Prepaid credit card and ticket fees	194,041	105,195
Prepaid operating and contra expenses	171,360	228,191
	<hr/>	<hr/>
	439,023	527,007
	<hr/>	<hr/>

8. 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 6.2% to 10.2% of eligible employee earnings for 2021 (2020 – 8.6% to 10.1%).

Pension expense for the year amounted to \$186,605 (2020 - \$228,572) and is included in wages and benefits.



Saskatchewan Place Association Inc.

Notes to the Financial Statements

For the year ended December 31, 2021

9. 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>	2021	2020
Balance, beginning of year	1,534,543	6,531,227	1,173,986	6,972,128	716,024	555,270	1,401,471	18,884,649	17,328,497
Acquisition of tangible capital assets	-	-	-	-	-	-	280,202	280,202	1,868,977
Disposal of tangible capital assets	-	-	-	(62,120)	(17,409)	-	-	(79,529)	(312,825)
Completed projects - transfers	-	641,903	-	12,852	995,490	-	(1,650,245)	-	-
Balance, end of year	1,534,543	7,173,130	1,173,986	6,922,860	1,694,105	555,270	31,428	19,085,322	18,884,649

Accumulated amortization

Balance, beginning of year	788,579	2,117,333	709,163	4,881,876	505,436	327,635	-	9,330,022	8,569,151
Disposals	-	-	-	(53,129)	(8,816)	-	-	(61,945)	(223,657)
Annual amortization	95,312	345,023	45,102	378,304	149,006	45,527	-	1,058,274	984,528
Balance, end of year	883,891	2,462,356	754,265	5,207,051	645,626	373,162	-	10,326,351	9,330,022
Net book value	650,652	4,710,774	419,721	1,715,809	1,048,479	182,108	31,428	8,758,971	-
2020 Net book value	745,964	4,413,894	464,823	2,090,252	210,588	227,635	1,401,471	-	9,554,627

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 \$182,923 (2020 - \$198,165).

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:

	2021	2020
Investment in tangible capital assets	8,633,507	9,415,724
Equipment replacement reserve	1,478,132	1,025,271
Capital enhancement reserve	2,249,298	5,580,152
Stabilization reserve	-	59,058
Accumulated surplus	12,360,937	16,080,205

11. Guarantees

At December 31, 2021, the Association had guaranteed amounts to various artists totalling \$332,059 (2020 - \$385,615) 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 contract term ends June 30, 2026.

14. Subsequent event

Effective January 1, 2022, the Association signed a management agreement with Saskatoon Entertainment Group Inc. The agreement engages the Saskatoon Entertainment Group Inc. as manager of the facility. As manager, the Saskatoon Entertainment Group Inc. shall be the sole and exclusive agent of the facility to manage, operate, book, maintain and market the facility during the five-year term. The agreement is applicable to the Association while in the current facility, should the Association move facilities the agreement would no longer apply.

The agreement entitles the Association to \$2 for every ticket sold for Events and Team Events, plus 15% of the Gross Profit received from the Food and beverage revenues including liquor sales, plus 50% of the revenue generated from facility naming rights, the Associations gaming provider agreement which includes all events and team events with the exception of the Saskatoon Blades, and paid parking from the facility. The Agreement indicates that the Saskatoon Entertainment Group Inc. will guarantee a minimum operating surplus, per year, for the association to be \$1,350,000. The agreement further indicates the Saskatoon Entertainment Group Inc. and the Association each contribute an equal amount, to a maximum of \$1,000,000 each towards tangible capital assets.

15. Budget Information

The budget information disclosed was approved by the Association's Board of Directors on November 4, 2020.

16. 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.

During the year, Canada Revenue Agency has assessed the Association's eligibility for CEWS for the periods March 15, 2020 through December 31, 2020, and determined the Association ineligible for the subsidies received. The Association is currently appealing this assessment.

As a result of the assessment, the Association recognized an expense of \$1,020,809 (2020 – \$1,020,809 as revenue) related to CEWS and assessed interest of \$61,561. The Association also received government assistance during the year from the province of Saskatchewan totalling \$84,521 (2020 - \$65,000).

17. Comparative figures

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

Government assistance has been reclassified to other items, which differs from the presentation in the in the prior period. There was no impact on surplus.