

# 2022 Audited Financial Statements – Civic Boards

Financial Statements of

**THE CENTENNIAL  
AUDITORIUM &  
CONVENTION CENTRE  
CORPORATION**

And Independent Auditor's Report thereon

Year ended December 31, 2022



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## INDEPENDENT AUDITOR'S 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, 2022
- 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, 2022 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 "***Auditor's 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.

### ***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 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.



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- 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*

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Chartered Professional Accountants

Saskatoon, Canada

March 31, 2023

# THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION

## Statement of Financial Position

December 31, 2022, with comparative information for 2021

	2022	2021
<b>Financial Assets:</b>		
Cash	\$ 1,116,007	\$ 1,562,502
Investments(note 3)	6,728,322	7,661,399
Accounts receivable (notes: 4, 11)	1,681,117	1,043,921
	<u>\$ 9,525,446</u>	<u>\$ 10,267,822</u>
<b>Financial Liabilities:</b>		
Accounts payable and accrued liabilities (note 11)	\$ 2,579,439	\$ 2,343,651
Deferred revenue (note 6)	871,562	1,075,340
Advance ticket sales (note 5)	1,110,016	1,089,421
Rental deposits	398,075	347,213
	<u>4,959,092</u>	<u>4,855,625</u>
Net Financial Assets	4,566,354	5,412,197
<b>Non-Financial Assets</b>		
Inventory	96,154	68,181
Prepaid expenses	154,023	115,867
Tangible capital assets (Schedule 3)	3,124,085	3,232,838
	<u>3,374,262</u>	<u>3,416,886</u>
Accumulated surplus	\$ 7,940,616	\$ 8,829,083
Contractual rights (note 7)		
Commitments to the City of Saskatoon (note 8)		

See accompanying notes to financial statements.

On behalf of the Board:

Jordan Hamel Director

Trevor Batters Director

# THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION

## Statement of Operations

Year ended December 31, 2022, with comparative information for 2021

	2022 Budget (note 12)	2022 Actual	2021 Actual
Operating Revenue:			
Sales	\$ 8,404,230	\$ 8,227,763	\$ 1,475,358
Interest income	178,533	214,166	237,311
Sponsorship	368,891	309,272	209,522
	8,951,654	8,751,201	1,922,191
Operating expenditures:			
Direct (Schedule 1)	5,128,275	5,326,972	1,500,164
Facility (Schedule 1)	2,437,776	2,337,927	1,537,417
Administration (Schedule 1)	1,818,006	1,956,610	1,338,835
Amortization (Schedule 3)	515,627	458,403	445,902
Loss (gain) on disposal of tangible capital assets	-	(2,240)	104,040
	9,899,684	10,077,672	4,926,358
Operating margin	(948,030)	(1,326,471)	(3,004,167)
Other revenue and expenditures:			
Funding by City of Saskatoon	500,000	500,000	500,000
Reimbursement to City of Saskatoon	(209,702)	(186,996)	(725,270)
Grant revenue	-	125,000	-
Contribution to City of Saskatoon	-	-	100,000
Deficit of revenue over expenditures	(657,732)	(888,467)	(3,329,045)
Accumulated surplus, beginning of year	-	8,829,083	12,158,128
Accumulated surplus, end of year	\$ (657,732)	\$ 7,940,616	\$ 8,829,083

See accompanying notes to financial statements.

# THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION

## Statement of Changes in Net Financial Assets

Year ended December 31, 2022, with comparative information for 2021

	Budget (note 12)	2022	2021
Deficit of revenue over expenditures	\$ (657,732)	\$ (888,467)	\$ (3,329,045)
Acquisition of tangible capital assets	(307,578)	(349,650)	(755,752)
Amortization of tangible capital assets	515,627	458,403	445,902
Loss on disposal of tangible capital assets	-	-	110,440
	(449,683)	(779,714)	(3,528,455)
Use of inventory	-	(27,973)	14,679
Acquisition of prepaid expenses and deferred charges	-	(38,156)	27,337
Change in net financial assets	(449,683)	(845,843)	(3,486,439)
Net financial assets beginning of year	4,566,353	5,412,197	8,898,636
Net financial assets end of year	\$ 4,116,670	\$ 4,566,354	\$ 5,412,197

See accompanying notes to financial statements.



# THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION

## Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Operating activities:		
Deficit of revenue over expenditures	\$ (888,467)	\$ (3,329,045)
Non-cash items included in surplus for the year:		
Amortization	458,403	445,902
Gain on disposal of tangible capital assets	-	110,440
Changes in non-cash working capital relating to operations:		
Accounts receivable	(637,196)	(458,127)
Inventory	(27,973)	14,679
Prepaid expenses and deferred charges	(38,156)	27,337
Accounts payable and accrued liabilities	235,788	491,503
Deferred revenue	(203,778)	(195,882)
Advance ticket sales	20,595	735,789
Rental deposits	50,862	(45,727)
	(1,029,922)	(2,203,131)
Capital activities:		
Acquisition of tangible capital assets	(349,650)	(755,752)
	(349,650)	(755,752)
Investing activities:		
Investment maturities	1,082,490	2,000,000
Accrued interest	(149,413)	(155,986)
	933,077	1,844,014
Net decrease in cash	(446,495)	(1,114,869)
Cash position, beginning of year	1,562,502	2,677,371
Cash position, end of year	\$ 1,116,007	\$ 1,562,502
Cash interest included in deficit of revenue over expenditures:		
Interest received	111,773	134,703
Interest paid to City of Saskatoon	(27,187)	(40,495)

See accompanying notes to financial statements.

# THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION

Notes to Financial Statements

Year ended December 31, 2022

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## 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 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.

### (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 one months and 13 months.

# THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2022

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## 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:

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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

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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, 2022

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## 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, 2022

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## 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, 2022

### 3. Investments:

	2022	2021
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 2.40% 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 2.00% maturing February 28, 2022	-	1,082,490
Accrued interest	728,322	578,909
	<b>\$ 6,728,322</b>	<b>\$ 7,661,399</b>

### 4. Accounts receivable:

	2022	2021
Trade receivables	\$ 1,136,479	\$ 230,061
Funding receivable from the City of Saskatoon (note 11)	500,000	600,000
Other receivables	53,812	232,532
Allowance for doubtful accounts	(9,174)	(18,672)
	<b>\$ 1,681,117</b>	<b>\$ 1,043,921</b>

### 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, 2022

## 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.

	2022	2021
Naming rights	\$ 787,500	\$ 984,375
Sponsorship contracts	61,966	90,965
Events	18,500	-
Boxes	3,596	-
	<b>\$ 871,562</b>	<b>\$ 1,075,340</b>

## 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
2023	\$ 82,263	\$ 70,134	\$ 12,000	\$ 164,397
2024	46,333	34,000	12,000	92,333
2025	6,917	16,250	12,000	35,167
2026	-	10,000	12,000	22,000
2027	-	6,667	12,000	18,667
Thereafter	-	-	3,000	3,000
	<b>\$ 135,513</b>	<b>\$ 137,051</b>	<b>\$ 63,000</b>	<b>\$ 335,564</b>

# THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2022

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## 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:

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2023	\$	110,744
2024		113,568
2025		116,392
2026		119,217
2027		122,041
Thereafter		549,133
	\$	1,131,095

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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 was owned by the City of Saskatoon, was \$87,423 and paid in full in 2022.

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.

## 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 \$252,170 (2021 - \$243,896) 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.



# THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2022

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

### (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, 2022, the Corporation had \$146,972 of overdue receivables that are not impaired in the financial statements (2021 - \$45,253).

### (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, 2022, the Corporation had sufficient working capital to meet current obligations as they are due. Additional liquidity risks are noted in note 13.

### (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.

# THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2022

## 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:

	2022	2021
Accounts receivable from the City of Saskatoon	\$ 557,648	\$ 601,154
Accounts payable and accrued liabilities to the City of Saskatoon	1,274,665	1,587,362
Accounts receivable from the Sasktel Centre	40,645	-
Utilities expenses charges by the City of Saskatoon	531,158	413,227
Insurance expense charged by the City of Saskatoon	149,666	119,374
Operating grant from the City of Saskatoon	500,000	500,000
Reimbursement to the City of Saskatoon	186,996	725,270

## 12. Budgeted figures:

Budgeted figures included in the financial statements were approved by the Board of Directors on October 28, 2022, and on November 28, 2022 The City of Saskatoon Council approved the 2023 budget adjustments. The City of Saskatoon Council had originally approved the 2022 and 2023 budget on November 29, 2021, as the City of Saskatoon implemented a multi-year budget.

## 13. Continuity of operations

On March 11, 2020, the World Health Organization declared the Coronavirus (COVID-19) outbreak a Pandemic related closures continued throughout 2021 and cancellations continued until the end of the first quarter of 2022. In 2022, even with financial measures to help the economy recover, the implications on our industry remain.

# THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2022

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## 13. Continuity of operations (continued):

Economic activity has expanded in the last 12 months with strong goods production and a solid recovery in client-facing services. However, inflation has had a significant impact on the economy. Food prices particularly have seen a higher annual increase up by 11.4% in September 2022; the largest increase in over four decades. Unemployment has been at record lows throughout the year.

### *Significant Impacts*

Local activities included a reduction in scheduled flights to and from Saskatoon, and an elimination of direct Air Canada flights between Calgary and Saskatoon. On the positive side, international flights are scheduled to resume with direct West Jet flights from Saskatoon to Minneapolis (a US Delta hub).

In 2022, the provincial government introduced Provincial Sales Tax on theatre / entertainment tickets, further impacting a stressed entertainment environment post COVID.

Event booking activity and theatre activity is still less predictable than in pre-COVID times.

### *Impact On the Corporation's operations:*

While future bookings continue to grow, there is no clear indicator as to how long it will take to recover to a pre covid level of activity in the building. The leadership team is adapting the strategy to seek and create new events to make up for the changing conference load. National and international conferences are smaller in size and fewer in number. Local and regional business is strong and has resumed with a shorter booking window.

Inflation has impacted many operational costs, with the largest impact on Food and Beverage costs, which continue to rise substantially. While we adjust event prices annually, we are closely monitoring cost increases throughout the year and it is recognized that this can have an impact on contribution margins.

The removal of direct flights adds a further barrier to attract National Conventions to return to Saskatoon or to entice new National Conventions.

# THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2022

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## **13. Continuity of operations (continued):**

The venue closure and continued altered event mix has affected the Corporation's cash flow and ability to generate net profit at year end. The Corporation continues to manage liquidity risk by forecasting and assessing cash flow requirements on an ongoing basis.

As at December 31, 2022, 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 1.76% for 2022 (2021 - 1.24%). No amount is outstanding as at December 31, 2022 (2021 - \$nil).

# THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION

## Schedule 1 - Operating expenditures

Year ended December 31, 2022, with comparative information for 2021

	Budget	2022	2021
<b>Direct Expenditure :</b>			
Salaries	\$ 1,934,575	\$ 2,028,599	\$ 780,667
Cost of food and beverages	1,661,215	1,741,953	280,265
Supplies	365,028	382,770	116,078
Theatre production costs	856,877	735,571	65,690
Credit card charges	13,750	177,370	18,640
Other expenses	118,550	124,312	123,344
Advertising and promotion	151,980	124,229	77,597
Telephone	20,700	15,417	15,109
Equipment maintenance	5,600	6,251	4,600
Bad debts (recovery)	-	(9,500)	18,174
	<b>\$ 5,128,275</b>	<b>\$ 5,326,972</b>	<b>\$ 1,500,164</b>
<b>Facility</b>			
Utilities	\$ 838,327	\$ 843,466	\$ 609,143
Salaries and benefits	1,090,313	1,030,378	601,331
Maintenance	318,117	249,902	189,650
Insurance	110,952	149,666	119,374
Service contracts	80,067	64,515	17,527
	<b>\$ 2,437,776</b>	<b>\$ 2,337,927</b>	<b>\$ 1,537,025</b>
<b>Administration</b>			
Salaries and benefits	\$ 1,468,894	\$ 1,595,340	\$ 1,174,937
Professional fees	27,600	32,476	33,520
IT consultant and support	85,510	135,167	56,146
Training and staff morale	69,000	91,172	23,003
Office supplies and equipment	63,365	46,030	23,059
Bank charges and interest expense	22,500	12,314	13,234
Memberships, subscriptions and licenses	20,537	12,022	8,273
Travel	19,200	4,933	5
Board of directors	2,900	5,021	1,836
Printing and postage	8,500	14,812	1,827
Strategic Initiative	30,000	7,323	2,995
	<b>\$ 1,818,006</b>	<b>\$ 1,956,610</b>	<b>\$ 1,338,835</b>

# THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION

## Schedule 2 - Reserves

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
<b>Capital expansion reserve</b>		
Balance, beginning of year	\$ -	\$ 3,489,208
Allocation from operations	-	230,877
Interest earned	-	91,270
Transfer to Stabilization Reserve	-	(3,811,355)
Expenditures	-	-
<b>Equipment replacement reserve</b>		
Balance, beginning of year	4,833,730	5,008,777
Allocation from operations	489,958	460,648
Interest earned	102,394	120,058
Expenditures	(349,650)	(755,753)
Transfer to Stabilization Reserve	(622,415)	-
Balance, end of year	4,454,017	4,833,730
<b>Stabilization reserve</b>		
Balance, beginning of year	762,515	626,715
Allocation to operations	(1,022,416)	(3,675,555)
Transfer from capital expansion reserve	-	3,811,355
Transfer from Equipment replacement reserve	622,415	-
	362,514	762,515
Total reserves	4,816,531	5,596,245
Investment in tangible capital assets	3,124,085	3,232,838
Accumulated surplus	7,940,616	8,829,083

# THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION

## Schedule 3 - Tangible capital assets

Year ended December 31, 2022, with comparative information for 2021

Title	Caretaking & Maintenance	Computer	Kitchen	Theatre	Sound	Lighting	Other	Total
<b>Cost</b>								
Beginning of year	193,399	452,203	1,160,276	1,578,850	1,397,676	1,099,645	1,394,580	7,276,629
Additions	-	80,873	10,773	139,266	95,219	-	23,519	349,650
<b>End of year</b>	<b>193,399</b>	<b>533,076</b>	<b>1,171,049</b>	<b>1,718,116</b>	<b>1,492,895</b>	<b>1,099,645</b>	<b>1,418,099</b>	<b>7,626,279</b>
<b>Accumulated amortization</b>								
Beginning of year	(129,133)	(134,465)	(424,786)	(1,008,979)	(808,023)	(658,785)	(879,620)	(4,043,791)
Amortization	(16,434)	(85,769)	(75,303)	(54,253)	(69,419)	(56,343)	(100,882)	(458,403)
<b>End of year</b>	<b>(145,567)</b>	<b>(220,234)</b>	<b>(500,089)</b>	<b>(1,063,232)</b>	<b>(877,442)</b>	<b>(715,128)</b>	<b>(980,502)</b>	<b>(4,502,194)</b>
<b>Net book value,</b>								
beginning of year	64,266	317,738	735,490	569,871	589,653	440,860	514,960	3,232,838
<b>Net book value,</b>								
end of year	47,832	312,842	670,960	654,884	615,453	384,517	437,597	3,124,085

Signature:   
Jordan Hamel (Apr 18, 2023 16:59 MDT)

Email: jordan.hamel@icloud.com

Signature: 

Email: tbatters@gmail.com

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

Financial Statements  
**December 31, 2022**



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## Independent Auditor's Report

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

### Opinion

We have audited the financial statements of Art Gallery of Saskatchewan Inc. (Remai Modern) (the Museum), which comprise the statement of financial position as at December 31, 2022 and the statement of operations and changes in fund balances and statement of 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 Museum as at December 31, 2022, 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 (PSAS).

### 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 Museum in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Matter

The financial statements for the year ended December 31, 2021 were audited by another auditor who expressed an unmodified opinion on those financial statements on April 29, 2022.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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.

*BDO Canada LLP*

Chartered Professional Accountants

Saskatoon, Saskatchewan  
April 27, 2023

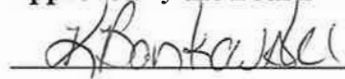
# Art Gallery of Saskatchewan Inc. (Remai Modern)

## Statement of Financial Position

As at December 31, 2022

				2022	2021
	Operating Fund \$	Capital Fund \$	Permanent Collection Fund \$	Total \$	Total \$
<b>Assets</b>					
<b>Current assets</b>					
Cash	1,447,502	3,275,561	2,390,483	7,113,546	6,260,574
Accounts receivable (notes 4 and 5)	267,403	4,364	-	271,767	331,302
Grants receivable (notes 4 and 5)	785,194	250,000	-	1,035,194	535,194
GST receivable	68,633	-	-	68,633	66,903
Prepaid expenses	64,272	-	-	64,272	8,989
Inventory	131,678	-	-	131,678	206,820
	<u>2,764,682</u>	<u>3,529,925</u>	<u>2,390,483</u>	<u>8,685,090</u>	<u>7,409,782</u>
<b>Tangible capital assets (note 6)</b>					
Facility upgrades	-	2,666,647	-	2,666,647	2,775,064
Furniture and equipment	-	723,533	-	723,533	416,424
Computer equipment and software	-	199,438	-	199,438	152,996
	<u>-</u>	<u>3,589,618</u>	<u>-</u>	<u>3,589,618</u>	<u>3,344,484</u>
<b>Permanent collection (notes 3(f) and 7)</b>					
	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>1</u>
	<u>2,764,682</u>	<u>7,119,543</u>	<u>2,390,484</u>	<u>12,274,709</u>	<u>10,754,267</u>
<b>Liabilities and Net Assets</b>					
<b>Current liabilities</b>					
Accounts payable and accrued liabilities (notes 5 and 8)	1,434,210	55,705	60,210	1,550,125	738,775
Deferred revenue (note 9)	1,068,870	-	-	1,068,870	1,116,232
	<u>2,503,080</u>	<u>55,705</u>	<u>60,210</u>	<u>2,618,995</u>	<u>1,855,007</u>
<b>Net assets</b>					
Fund balances	<u>261,602</u>	<u>7,063,838</u>	<u>2,330,274</u>	<u>9,655,714</u>	<u>8,899,260</u>
	<u>2,764,682</u>	<u>7,119,543</u>	<u>2,390,484</u>	<u>12,274,709</u>	<u>10,754,267</u>
<b>Commitment (note 5)</b>					

Approved by the Board of Directors



Director

Doug Matheson Digitally signed by Doug Matheson  
Date: 2023.05.11 12:07:53 -06'00'

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, 2022

				2022	2021
	Operating Fund \$	Capital Fund \$	Permanent Collection Fund \$	Total \$	Total \$
<b>Revenue</b>					
Grants					
City of Saskatoon (note 5)	6,095,900	776,300	-	6,872,200	6,467,516
Prairies Economic Development Canada	500,000	-	-	500,000	-
Saskatchewan Arts Board	213,750	-	-	213,750	213,750
Saskatchewan Lotteries	160,000	-	-	160,000	160,000
Canada Council for the Arts	72,800	-	-	72,800	240,250
Tourism Saskatchewan	12,500	-	-	12,500	41,500
Other grants	12,849	-	-	12,849	94,544
Donations (note 3(h))	1,368,912	139,667	1,500,900	3,009,479	2,575,397
Self-generated revenue (notes 5 and 10)	1,415,116	-	-	1,415,116	956,793
Sponsorships	373,699	-	-	373,699	387,110
Interest	42,179	62,526	23,121	127,826	21,332
Artwork donated (note 7)	-	-	116,200	116,200	2,527,640
	<b>10,267,705</b>	<b>978,493</b>	<b>1,640,221</b>	<b>12,886,419</b>	<b>13,685,832</b>
<b>Expenses</b> (note 11)					
Administration and operations (notes 3(h) and 5)	9,164,944	776,685	1,338	9,942,967	8,905,603
Programming and exhibitions	984,814	-	-	984,814	646,662
Artwork donated and purchased (note 7)	-	-	887,318	887,318	2,925,024
Amortization	-	314,866	-	314,866	336,853
	<b>10,149,758</b>	<b>1,091,551</b>	<b>888,656</b>	<b>12,129,965</b>	<b>12,814,142</b>
<b>Surplus (deficit) for the year</b>	<b>117,947</b>	<b>(113,058)</b>	<b>751,565</b>	<b>756,454</b>	<b>871,690</b>
<b>Interfund transfers</b> (note 12)	<b>(16,043)</b>	<b>16,043</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances – Beginning of year</b>	<b>159,698</b>	<b>7,160,853</b>	<b>1,578,709</b>	<b>8,899,260</b>	<b>8,027,570</b>
<b>Fund balances – End of year</b>	<b>261,602</b>	<b>7,063,838</b>	<b>2,330,274</b>	<b>9,655,714</b>	<b>8,899,260</b>

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, 2022

				2022	2021
				\$	\$
	Operating Fund	Capital Fund	Permanent Collection Fund	Total	Total
	\$	\$	\$	\$	\$
<b>Cash provided by (used in)</b>					
<b>Operating activities</b>					
Surplus (deficit) for the year	117,947	(113,058)	751,565	756,454	871,690
Item not affecting cash					
Interfund transfers	(16,043)	16,043	-	-	-
Amortization	-	314,866	-	314,866	336,853
	101,904	217,851	751,565	1,071,320	1,208,543
<b>Net changes in non-cash working capital items</b>					
Accounts receivable	13,899	45,636	-	59,535	(80,000)
Grants receivable	(500,000)	-	-	(500,000)	-
GST receivable	(1,730)	-	-	(1,730)	(40,141)
Prepaid expenses	(55,283)	-	-	(55,283)	(8,989)
Inventory	75,142	-	-	75,142	36,376
Accounts payable and accrued liabilities	750,435	705	60,210	811,350	335,232
Deferred revenue	(47,362)	-	-	(47,362)	(92,824)
	235,101	46,341	60,210	341,652	149,654
	337,005	264,192	811,775	1,412,972	1,358,197
<b>Capital activities</b>					
Purchase of capital assets	-	(560,000)	-	(560,000)	(70,293)
<b>Change in cash during the year</b>	337,005	(295,808)	811,775	852,972	1,287,904
<b>Cash – Beginning of year</b>	1,110,497	3,571,369	1,578,708	6,260,574	4,972,670
<b>Cash – End of year</b>	1,447,502	3,275,561	2,390,483	7,113,546	6,260,574

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

# Art Gallery of Saskatchewan Inc. (Remai Modern)

Notes to the Financial Statements

For the year ended December 31, 2022

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## 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 Public Sector Accounting 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 the Financial Statements

For the year ended December 31, 2022

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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:

Facility upgrades	30 years
Furniture and equipment	10 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 the Financial Statements

For the year ended December 31, 2022

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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 the Financial Statements

For the year ended December 31, 2022

Donations revenue and administration and operations expense for the year ended December 31, 2022 include \$53,975 (2021 – \$190,922) 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 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

	2022 \$	2021 \$
<b>Accounts receivable</b>		
Operating Fund		
Trade receivables	126,482	61,302
Remai Modern Foundation Inc. (note 5)	95,913	-
Receiver general	45,008	-
City of Saskatoon – River Landing commission (note 5)	-	220,000
	<u>267,403</u>	<u>281,302</u>
Capital Fund		
Capital campaign contributions	<u>4,364</u>	<u>50,000</u>
	<u>271,767</u>	<u>331,302</u>
<b>Grants receivable</b>		
Operating Fund		
City of Saskatoon (note 5)	285,194	285,194
Prairies Economic Development Canada	500,000	-
	<u>785,194</u>	<u>285,194</u>
Capital Fund		
City of Saskatoon (note 5)	<u>250,000</u>	<u>250,000</u>
	<u>1,035,194</u>	<u>535,194</u>

# Art Gallery of Saskatchewan Inc. (Remai Modern)

## Notes to the Financial Statements

For the year ended December 31, 2022

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### 5 Related party transactions

#### Saskatoon Gallery and Conservatory Corporation

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

In 2012, the Saskatoon Gallery and Conservatory Corporation and Remai Modern (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, 2022, the Galleries had disbursed a cumulative amount of \$19,177,820 (2021 – \$19,177,820) to the City related to the construction of Remai Modern.

The final settlement related to the capital campaign is estimated to be approximately \$3,000,000 and is currently being negotiated with the City of Saskatoon (the City).

#### City of Saskatoon

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

The Museum recognized grant revenue from the City of \$6,872,200 (2021 – \$6,467,516) for the year ended December 31, 2022. Grant revenue of \$285,194 (2021 – \$285,194) was receivable from the City as at December 31, 2022.

The accounts payable and accrued liabilities balance as at December 31, 2022 includes \$747,611 (2021 – \$233,416) that is payable to the City related to salaries and employee benefits in excess of the operating agreement that were incurred by Remai Modern and paid by the City.

As at December 31, 2022, \$55,000 (2021 – \$55,000) is accrued for past construction costs incurred by the City and a grant receivable of \$250,000 (2021 – \$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, 2022 includes \$220,000 (2021 – \$220,000) recognized from the City for River Landing commissions. As at December 31, 2022 \$nil (2021 – \$220,000) was receivable related to the River Landing commissions agreement.

Expenses for the year ended December 31, 2022 include a maintenance agreement fee of \$922,600 (2021 – \$922,600), a energy management fee of \$683,500 (2021 – \$548,100), a risk management insurance allocation of \$103,800 (2021 – \$87,816) and a capital replacement reserve allocation of \$776,300 (2021 – \$609,000) that are allocated by the City to the Museum.

# Art Gallery of Saskatchewan Inc. (Rimai Modern)

## Notes to the Financial Statements

For the year ended December 31, 2022

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### 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 \$580,000 (2021 – \$644,000) were made from the Foundation to Rimai Modern for the year ended December 31, 2022.

As at December 31, 2022, the accounts receivable balance includes \$80,000 (2021 – \$ nil) related to the cumulative contributions that have been approved by the Foundation and \$15,913 related to costs incurred by Rimai Modern on the Foundation's behalf.

### 6 Tangible capital assets

			2022	2021
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Facility upgrades	3,246,906	580,259	2,666,647	2,775,064
Furniture and equipment	1,122,724	399,191	723,533	416,424
Computer equipment and software	973,396	773,958	199,438	152,996
	<u>5,343,026</u>	<u>1,753,408</u>	<u>3,589,618</u>	<u>3,344,484</u>

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 582 (2021 – 568) works of art. During the year, the Museum purchased works of art for a total cost of \$771,118 (2021 – \$397,384). Donations to the Mendel and Rimai Modern permanent collections during the year included works of art with an appraised fair market value of \$116,200 (2021 – \$2,527,640). 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 the Financial Statements

For the year ended December 31, 2022

### 8 Accounts payable and accrued liabilities

	2022 \$	2021 \$
Operating Fund		
City of Saskatoon (note 5)	747,611	233,416
Trade accounts payable	338,149	191,288
Accrued vacation pay	250,119	206,429
Other accrued liabilities	98,331	52,642
	1,434,210	683,775
Capital Fund		
City of Saskatoon (note 5)	55,000	55,000
Trade accounts payable	705	-
	55,705	55,000
Permanent Collection		
Trade accounts payable	60,210	-
	60,210	-
	1,550,125	738,775

### 9 Deferred revenue

	2022			
	Balance – Beginning of year \$	Funds received \$	Revenue recognized \$	Balance – End of year \$
Frank & Ellen Remai Foundation Inc.	461,626	500,000	600,000	361,626
Other restricted contributions and sponsorships	288,336	223,400	186,547	325,189
Saskatchewan Arts Board	149,625	135,100	149,625	135,100
Memberships	97,251	78,530	91,764	84,017
Lecture series	76,133	-	-	76,133
Event deposits	-	69,100	-	69,100
Gift cards	30,241	6,132	18,668	17,705
Advance ticket sales	13,020	18,323	31,343	-
	1,116,232	1,030,585	1,077,947	1,068,870

# Art Gallery of Saskatchewan Inc. (Remai Modern)

## Notes to the Financial Statements

For the year ended December 31, 2022

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### 10 Self-generated revenue

	2022 \$	2021 \$
Facility rentals, catering and restaurant	544,237	117,211
Art & Design Store revenue	235,716	229,780
City of Saskatoon – River Landing commission (note 5)	220,000	220,000
Memberships	169,322	173,491
Special events	99,111	95,157
Admissions	96,660	58,002
Other	30,810	34,414
Tours and workshops	19,260	28,738
	<hr/>	<hr/>
	1,415,116	956,793

### 11 Expense summary

	2022 \$	2021 \$
Salaries and employee benefits	4,761,316	4,446,892
City of Saskatoon maintenance agreement fee (note 5)	922,600	922,600
Artwork donated and purchased	887,318	2,925,024
City of Saskatoon capital replacement reserve allocation (note 5)	776,300	609,000
City of Saskatoon energy management fee (note 5)	683,500	548,100
Supplies, telecommunications and printing	450,119	415,048
Security guard fees	425,731	506,924
Special events, hosting and meetings	397,756	37,888
Artist and curator costs	387,858	375,411
Other	384,590	109,127
Art freight costs	368,857	177,013
Amortization	314,866	336,853
Advertising, promotion and stewardship	312,006	295,828
Professional fees and contracts	225,245	475,994
Travel costs	207,697	58,863
Strategic planning and training	156,559	82,632
Cost of goods sold	111,575	106,615
City of Saskatoon risk management fee (note 5)	103,800	-
Software, website and other IT costs	85,191	134,676
Photography	81,179	57,570
Publications	33,694	43,730
Insurance (note 5)	27,300	122,402
Repairs and maintenance	19,831	13,025
Bad debt expense	5,077	12,927
	<hr/>	<hr/>
	12,129,965	12,814,142

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

Notes to the Financial Statements

**For the year ended December 31, 2022**

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## **12 Interfund transfers**

During the year ended December 31, 2022 an interfund transfer of \$16,043 from the Operating Fund to the Capital Fund for the purchase of capital assets was approved.

**Saskatchewan Place Association Inc.**  
**Financial Statements**  
*December 31, 2022*

**Saskatchewan Place Association Inc.**  
**Contents**

*For the year ended December 31, 2022*

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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, 2022, and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2022, and the results of its operations, changes in its 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 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)*

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As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Saskatoon, Saskatchewan

April 6, 2023

*MNP LLP*

Chartered Professional Accountants

# Saskatchewan Place Association Inc.

## Statement of Financial Position

As at December 31, 2022

	2022	2021
<b>Financial assets</b>		
Cash and cash equivalents	12,694,279	9,085,417
Marketable securities (Note 3)	4,381,750	6,370,906
Accounts receivable (Note 6)	1,402,653	1,570,257
Box office and advance receivables	706,448	429,142
Inventory for resale	189,334	175,056
<b>Total financial assets</b>	<b>19,374,464</b>	<b>17,630,778</b>
<b>Liabilities</b>		
Accounts payable (Note 4, Note 6)	4,414,260	9,038,239
Advance ticket sales	8,024,066	3,340,377
Deposits	121,553	114,967
Unearned revenue	2,105,100	1,848,788
Capital lease obligation (Note 5)	86,445	125,464
<b>Total liabilities</b>	<b>14,751,424</b>	<b>14,467,835</b>
<b>Net financial assets</b>	<b>4,623,040</b>	<b>3,162,943</b>
<b>Non-financial assets</b>		
Tangible capital assets (Note 9)	8,735,112	8,758,971
Prepaid expenses (Note 7)	517,108	439,023
<b>Total non-financial assets</b>	<b>9,252,220</b>	<b>9,197,994</b>
<b>Accumulated surplus (Note 10)</b>	<b>13,875,260</b>	<b>12,360,937</b>

Contingencies (Note 11)

Commitments (Note 12)

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, 2022*

	2022 <i>Budget</i> <i>(Note 13)</i>	2022	2021
<b>Annual surplus (deficit)</b>	(973,647)	<b>1,514,323</b>	(3,719,268)
Acquisition of tangible capital assets	(869,200)	<b>(1,145,429)</b>	(280,202)
Amortization of tangible capital assets	1,107,801	<b>1,023,772</b>	1,058,274
Loss on disposal of tangible capital assets	-	<b>145,516</b>	17,584
<b>Surplus of tangible capital assets</b>	238,601	<b>23,859</b>	795,656
Acquisition of prepaid expenses	-	<b>(517,108)</b>	(439,023)
Use of prepaid expenses	-	<b>439,023</b>	527,007
<b>Surplus (deficit) of other non-financial expenses</b>	-	<b>(78,085)</b>	87,984
<b>Increase (decrease) in net financial assets</b>	(735,046)	<b>1,460,097</b>	(2,835,628)
<b>Net financial assets, beginning of year</b>	3,162,943	<b>3,162,943</b>	5,998,571
<b>Net financial assets, end of year</b>	2,427,897	<b>4,623,040</b>	3,162,943

*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, 2022*

	2022 <i>Budget</i> <i>(Note 13)</i>	2022	2021
<b>Revenues</b>			
Operations	17,589,645	<b>20,831,205</b>	4,758,971
Ancillary charges	2,000,000	<b>2,447,664</b>	1,528,156
Investment income	235,931	<b>391,516</b>	231,406
<b>Total revenues</b>	<b>19,825,576</b>	<b>23,670,385</b>	<b>6,518,533</b>
<b>Expenses</b>			
Production costs	8,143,620	<b>10,956,529</b>	1,353,044
Wages and benefits	3,764,802	<b>3,339,089</b>	2,526,279
Concessions	1,823,110	<b>2,036,549</b>	486,913
General administration <i>(Note 6)</i>	1,656,412	<b>1,555,384</b>	1,480,177
Contract staff and supplies - events	929,578	<b>883,711</b>	638,885
Building and equipment maintenance	1,713,879	<b>995,067</b>	587,563
Amortization	1,107,801	<b>1,023,772</b>	1,058,274
Utilities	853,800	<b>809,235</b>	561,191
Civic buildings allocation <i>(Note 6)</i>	365,075	<b>347,091</b>	300,000
Advertising and promotion	424,146	<b>484,844</b>	231,873
Interest	17,000	<b>22,239</b>	15,753
<b>Total expenses</b>	<b>20,799,223</b>	<b>22,453,510</b>	<b>9,239,952</b>
<b>Annual surplus (deficit) before other items</b>	<b>(973,647)</b>	<b>1,216,875</b>	<b>(2,721,419)</b>
<b>Other items</b>			
Contribution of tangible capital assets received	1,210,064	<b>619,584</b>	-
SEG management fees <i>(Note 12)</i>	-	<b>(176,620)</b>	-
Loss on disposal of tangible capital assets	-	<b>(145,516)</b>	-
Government assistance <i>(Note 14)</i>	-	-	(997,849)
<b>Annual surplus (deficit)</b>	<b>236,417</b>	<b>1,514,323</b>	<b>(3,719,268)</b>
<b>Accumulated surplus, beginning of year</b>	<b>12,360,937</b>	<b>12,360,937</b>	<b>16,080,205</b>
<b>Accumulated surplus, end of year <i>(Note 10)</i></b>	<b>12,597,354</b>	<b>13,875,260</b>	<b>12,360,937</b>

*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, 2022*

	2022	2021
<b>Cash provided by (used for) the following activities:</b>		
<b>Operating</b>		
Annual surplus (deficit)	1,514,323	(3,719,268)
Loss on disposal of tangible capital assets	145,516	17,584
Amortization	1,023,772	1,058,274
	<b>2,683,611</b>	<b>(2,643,410)</b>
Accounts receivable	167,604	(663,169)
Box office and advance receivables	(277,306)	(429,142)
Inventory for resale	(14,278)	(130,621)
Prepaid expenses	(78,085)	87,984
Accounts payable	(4,623,979)	7,155,487
Advance ticket sales	4,683,689	448,485
Deposits	6,586	(15,181)
Unearned revenue	256,312	(61,650)
	<b>2,804,154</b>	<b>3,748,783</b>
<b>Capital</b>		
Purchase of tangible capital assets	(1,145,429)	(280,202)
<b>Financing</b>		
Repayment of capital lease obligations	(39,019)	(36,306)
<b>Increase in cash</b>	<b>1,619,706</b>	<b>3,432,275</b>
<b>Cash resources, beginning of year</b>	<b>15,456,323</b>	<b>12,024,048</b>
<b>Cash resources, end of year</b>	<b>17,076,029</b>	<b>15,456,323</b>
<b>Cash resources in comprised of:</b>		
Cash and cash equivalents	12,694,279	9,085,417
Marketable securities	4,381,750	6,370,906
	<b>17,076,029</b>	<b>15,456,323</b>

*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 operations of the Association were adversely affected in 2020 and 2021 by COVID-19 due to reduced customer demand in industry, and cancellation of events resulting in a significant decline in revenue. In the current year the impact of Covid-19 was not nearly as significant as restrictions have lifted.

**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 and fixtures	5-20 years
Machinery and 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.

**2. Accounting policies** *(Continued from previous page)*

**Asset classification**

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

**Net financial assets**

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

**Foreign currency translation**

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

**Revenue recognition**

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

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

**Government transfers**

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

**Segments**

The Association conducts operations through one reportable segment – operations of a 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.



**Saskatchewan Place Association Inc.**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2022*

**2. Accounting policies** (Continued from previous page)

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, 2022 include two term deposits ranging in value from \$2,160,091 to \$2,221,659 (2021 - three term deposits ranging from \$2,101,250 to \$2,164,304) with interest rates from 2.60% to 2.65% (2021 – 2.50% to 2.65%) maturing between July 2023 and July 2024 (2021 – July 2022 to July 2024).

**4. Accounts payable**

	2022	2021
Trade payables	3,407,221	5,829,831
Payables related to cancelled events	498	2,060,605
Canadian Emergency Wage Subsidy repayable	1,006,453	1,052,374
Government remittances	88	95,329
	4,414,260	9,038,239

**5. Capital lease obligation**

	2022	2021
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 \$79,128 (2021 – \$86,321)	38,950	57,210
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 \$88,551 (2021 - \$96,601)	47,495	68,254
	86,445	125,464
Less: current portion	(38,950)	(37,939)
	47,495	87,525

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

2023	64,840
2024	27,837
	92,677
Less: imputed interest	(6,232)
Less: current portion	(38,950)
	47,495

**Saskatchewan Place Association Inc.**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2022*

**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:

	<b>2022</b>	2021
Accounts receivable	<b>546,722</b>	447,904
Accounts payable	<b>892,581</b>	4,361,856

The amounts included in the statement of operations are as follows:

Civic buildings allocation	<b>347,091</b>	300,000
General administration – land lease	<b>120,000</b>	120,000

**7. Prepaid expenses**

	<b>2022</b>	2021
Prepaid event expenses	<b>1,010</b>	73,622
Prepaid credit card and ticket fees	<b>231,341</b>	194,041
Prepaid operating and contra expenses	<b>284,757</b>	171,360
	<b>517,108</b>	439,023

**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 8.2% to 9% (2021 – 6.2% to 10.2%) of eligible employee earnings for 2022.

Pension expense for the year amounted to \$216,422 (2021 - \$186,605) and is included in wages and benefits.

**Saskatchewan Place Association Inc.**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2022*

9. Tangible capital assets									
Cost	Land improvements	Building improvements	Furniture and fixtures	Machinery and equipment	Computer systems	Signage	Work in progress	2021	2022
Balance, beginning of year	1,534,543	7,173,130	1,173,986	6,922,860	1,694,105	555,270	31,428	18,884,649	19,085,322
Acquisition of tangible capital assets	-	286,220	-	631,044	62,278	-	165,887	280,202	1,145,429
Disposal of tangible capital assets	-	-	-	(1,191,358)	-	-	-	(79,529)	(1,191,358)
<b>Balance, end of year</b>	<b>1,534,543</b>	<b>7,459,350</b>	<b>1,173,986</b>	<b>6,362,546</b>	<b>1,756,383</b>	<b>555,270</b>	<b>197,315</b>	<b>19,085,322</b>	<b>19,039,393</b>
<b>Accumulated amortization</b>									
Balance, beginning of year	883,891	2,462,356	754,265	5,207,051	645,626	373,162	-	9,330,022	10,326,351
Disposals	-	-	-	(1,045,747)	(95)	-	-	(61,945)	(1,045,842)
Annual amortization	95,312	364,207	39,845	326,892	151,989	45,527	-	1,058,274	1,023,772
<b>Balance, end of year</b>	<b>979,203</b>	<b>2,826,563</b>	<b>794,110</b>	<b>4,488,196</b>	<b>797,520</b>	<b>418,689</b>	<b>-</b>	<b>10,326,351</b>	<b>10,304,281</b>
<b>Net book value</b>	<b>555,340</b>	<b>4,632,787</b>	<b>379,876</b>	<b>1,874,350</b>	<b>958,863</b>	<b>136,581</b>	<b>197,315</b>	<b>8,735,112</b>	<b>-</b>
2021 Net book value	650,652	4,710,774	419,721	1,715,809	1,048,479	182,108	31,428	8,758,971	-

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 \$167,679 (2021 - \$182,923).

**Saskatchewan Place Association Inc.**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2022*

**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:

	<b>2022</b>	<b>2021</b>
Investment in tangible capital assets	<b>8,648,667</b>	8,633,507
Equipment replacement reserve	<b>1,994,252</b>	1,478,132
Capital enhancement reserve	<b>2,761,025</b>	2,249,298
Stabilization reserve	<b>471,316</b>	-
<b>Accumulated surplus</b>	<b>13,875,260</b>	<b>12,360,937</b>

**11. 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.

**12. Commitments**

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 Association's 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. Any amount earned above the Association's entitlement above is considered the management fee to the Saskatoon Entertainment Group Inc. 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. As at December 31, 2022 the Saskatoon Entertainment Group Inc. had contributed a total of \$619,584 towards this amount.

For the year ended December 2022, an amount of \$176,620 is payable to the Saskatoon Entertainment Group Inc. on account of Management Fee.

The Association contributes to a Civic buildings comprehensive maintenance reserve that 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 and is required to contribute \$300,000 per year plus 5% of any operating profits, ignoring amounts received from the Saskatoon Entertainment Group, to a maximum of \$385,000 per year.

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.

**13. Budget Information**

The budget information disclosed was approved by the Association's Board of Directors on December 9, 2021.

**14. 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 prior 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.

As a result of the assessment, the Association recognized an expense of \$997,849 related to CEWS in the year 2021.