

2023 Audited Financial Statements – Civic Boards

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

Financial Statements
December 31, 2023

Management’s Responsibility for Financial Reporting

May 8, 2024

The accompanying financial statements of the Art Gallery of Saskatchewan Inc. (Remai Modern) are the responsibility of management and have been approved by the Board of Directors. The financial statements have been prepared by management in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board and as such include amounts that are the best estimates and judgements of management.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced. The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the financial statements.

The Board of Directors meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the financial statements and the external auditor’s report.

The external audit firm, BDO Canada LLP, conducts an independent examination, in accordance with Canadian auditing standards, and expresses its opinion on the financial statements. The external auditors have full and free access to the financial management of Art Gallery of Saskatchewan Inc. (Remai Modern) and meet when required.

Yours truly,

Art Gallery of Saskatchewan Inc. (Remai Modern)

(signed) Aileen Burns

Aileen Burns, Co-Executive Director and CEO

(signed) Jonah Lundh

Johan Lundh, Co-Executive Director and CEO

(signed) Keegan McShane

Keegan McShane, Director of Finance



Independent Auditor's Report

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, 2023, and the statement of operations, the statement of changes in net assets and the 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, 2023, and its results of operations, its remeasurement gains and losses, 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 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.

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, SK

May 8, 2024

Art Gallery of Saskatchewan Inc. (Remai Modern)

Statement of Financial Position

As at December 31, 2023

				2023	2022
	Operating Fund \$	Capital Fund \$	Permanent Collection Fund \$	Total \$	Total \$ (Restated - note 13)
Assets					
Current assets					
Cash	1,905,207	1,674,597	2,144,339	5,724,143	7,113,546
Accounts receivable (notes 3 and 4)	640,057	19,804	-	659,861	340,400
Grants receivable (notes 3 and 4)	57,900	-	-	57,900	1,274,194
Prepaid expenses	42,008	-	-	42,008	64,272
Inventory	84,662	-	-	84,662	131,678
	2,729,834	1,694,401	2,144,339	6,568,574	8,924,090
Tangible capital assets (note 5)	-	3,962,064	-	3,962,064	3,589,618
Permanent collection (notes 2(f) and 6)	-	-	1	1	1
	2,729,834	5,656,465	2,144,340	10,530,639	12,513,709
Liabilities and Net Assets					
Current liabilities					
Accounts payable and accrued liabilities (notes 4 and 7)	1,576,220	-	-	1,576,220	1,550,125
Deferred revenue (note 8)	666,937	-	-	666,937	1,068,870
Due to City of Saskatoon (note 4)	-	1,000,000	-	1,000,000	-
	2,243,157	1,000,000	-	3,243,157	2,618,995
Due to City of Saskatoon (note 4)	-	619,800	-	619,800	-
	2,243,157	1,619,800	-	3,862,957	2,618,995
Net assets					
Unrestricted	286,677	4,036,665	2,144,340	6,467,682	9,894,714
Internally restricted – Stabilisation fund (note 11)	200,000	-	-	200,000	-
	486,677	4,036,665	2,144,340	6,667,682	9,894,714
	2,729,834	5,656,465	2,144,340	10,530,639	12,513,709

Economic dependence (note 12)

Approved by the Board of Directors

(signed) Doug Matheson Director (signed) Veronique Loewen Director

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

Art Gallery of Saskatchewan Inc. (Remai Modern)

Statement of Operations

For the year ended December 31, 2023

				2023	2022
	Operating Fund \$	Capital Fund \$	Permanent Collection Fund \$	Total \$	Total \$ (Restated - note 13)
Revenue					
Grants					
City of Saskatoon (note 4)	6,355,100	944,000	-	7,299,100	6,872,200
Canada Council for the Arts – Core	239,000	-	-	239,000	239,000
Canada Council for the Arts – Projects	96,750	-	-	96,750	72,800
Prairies Economic Development Canada	274,885	-	-	274,885	500,000
Saskatchewan Arts Board	193,000	-	-	193,000	213,750
Saskatchewan Lotteries	160,000	-	-	160,000	160,000
Other grants	16,629	18,000	-	34,629	25,349
Donations (note 2(h) and 4)	1,634,719	180,000	1,163,440	2,978,159	3,009,479
Self-generated revenue (notes 4 and 9)	2,765,747	-	-	2,765,747	1,415,116
Interest	157,312	128,593	45,581	331,486	127,826
Sponsorships	279,096	-	-	279,096	373,699
Artwork donated (note 6)	-	-	141,550	141,550	116,200
	<u>12,172,238</u>	<u>1,270,593</u>	<u>1,350,571</u>	<u>14,793,402</u>	<u>13,125,419</u>
Expenses (note 10)					
Administration and operations (notes 2(h) and 4)	7,636,139	195,712	48,878	7,880,729	7,059,011
City of Saskatoon capital repayment (note 4)	-	3,019,800	-	3,019,800	-
City of Saskatoon management fees (note 4)	1,881,100	944,000	-	2,825,100	2,486,200
Special events, hosting and meetings	1,569,650	-	-	1,569,650	397,756
Artwork donated and purchased (note 6)	-	-	1,487,627	1,487,627	887,318
Programming and exhibitions	899,274	254	-	899,528	984,814
Amortization	-	338,000	-	338,000	314,866
	<u>11,986,163</u>	<u>4,497,766</u>	<u>1,536,505</u>	<u>18,020,434</u>	<u>12,129,965</u>
Surplus (deficit) for the year	<u>186,075</u>	<u>(3,227,173)</u>	<u>(185,934)</u>	<u>(3,227,032)</u>	<u>995,454</u>

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

Art Gallery of Saskatchewan Inc. (Remai Modern)

Statement of Changes in Net Assets

For the year ended December 31, 2023

				2023	2022
	Operating Fund \$	Capital Fund \$	Permanent Collection Fund \$	Total \$	Total \$ (Restated - note 13)
Net assets – Beginning of year (as previously stated)	261,602	7,063,838	2,330,274	9,655,714	8,899,260
Prior period adjustment (note 13)	239,000	-	-	239,000	-
Net assets – Beginning of year (as restated)	500,602	7,063,838	2,330,274	9,894,714	8,899,260
Surplus (deficit) for the year	186,075	(3,227,173)	(185,934)	(3,227,032)	955,454
Interfund transfers (note 11)	(200,000)	200,000	-	-	-
Net assets – End of year	486,677	4,036,665	2,144,340	6,667,682	9,894,714
Net assets are comprised of the following					
Unrestricted	286,677	4,036,665	2,144,340	6,467,682	9,894,714
Internally restricted – Stabilisation fund (note 11)	200,000	-	-	200,000	-
	486,677	4,036,665	2,144,340	6,667,682	9,894,714

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, 2023

				2023 \$	2022 \$
	Operating Fund \$	Capital Fund \$	Permanent Collection Fund \$	Total \$	Total \$ (Restated - note 13)
Cash provided by (used in)					
Operating activities					
Surplus (deficit) for the year	186,075	(3,227,173)	(185,934)	(3,227,032)	955,454
Item not affecting cash					
Interfund transfers	(200,000)	200,000	-	-	-
Write down of City of Saskatoon receivable, net (note 4)	-	195,000	-	195,000	-
Amortization	-	338,000	-	338,000	314,866
	(13,925)	(2,494,173)	(185,934)	(2,694,032)	1,270,320
Net changes in non-cash working capital items					
Accounts receivable	(304,021)	(15,440)	-	(319,461)	57,805
Grants receivable	966,294	-	-	966,594	(739,000)
Prepaid expenses	22,264	-	-	22,264	(55,283)
Inventory	47,016	-	-	47,016	75,142
Accounts payable and accrued liabilities	142,010	(705)	(60,210)	81,095	811,350
Deferred revenue	(401,933)	-	-	(401,933)	(47,362)
Due to City of Saskatoon	-	1,619,800	-	1,619,800	-
	471,630	1,603,655	(60,210)	2,015,375	102,652
	457,705	(890,518)	(246,144)	(678,957)	1,412,972
Capital activities					
Purchase of capital assets	-	(710,446)	-	(710,446)	(560,000)
Change in cash during the year	457,705	(1,600,964)	(246,144)	(1,389,403)	852,972
Cash – Beginning of year	1,447,502	3,275,561	2,390,483	7,113,546	6,260,574
Cash – End of year	1,905,207	1,674,597	2,144,339	5,724,143	7,113,546

Art Gallery of Saskatchewan Inc. (Remai Modern)

Notes to the Financial Statements

For the year ended December 31, 2023

1 Description of the organization

Art Gallery of Saskatchewan Inc. (the Museum or Remai Modern) was incorporated under the provisions of the Non-Profit Corporations Act (Saskatchewan) on July 9, 2009. The Museum is a registered charity under the Income Tax Act (Canada) and, as such, is exempt from income taxes and able to issue tax donation receipts for income tax purposes.

The Museum reports the operations of Remai Modern Art Gallery of Saskatchewan, a modern art museum that opened in October 2017 in the City of Saskatoon (the City).

2 Significant accounting policies

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.

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 revenue, expenses, assets and liabilities pertaining to the general operations of the Museum. Internally restricted – Stabilisation Fund are funds to be used for contingency or other specific purposes as designated by the Board of Directors; and
- ii) The Capital Fund consists of the activities directed towards the development and construction of the Remai Modern Art Gallery of Saskatchewan and subsequent capital investments. It includes all tangible capital assets of the Museum. Purchases of tangible capital assets in this fund are financed by grants, donations, interest earned and transfer of operating surpluses. Fund expenses are charges for amortization, capital repayment and capital replacement reserve allocation; and
- iii) The Permanent Collection Fund consists of the activity related to the acquisitions and donations of artwork for the Remai Modern permanent collection. Purchases of the permanent collection are financed by donations, interest earned and artwork donations. Fund expenses pertain to the maintenance of artwork purchased.

Art Gallery of Saskatchewan Inc. (Remai Modern)

Notes to the Financial Statements

For the year ended December 31, 2023

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.

c) Financial instruments

The Museum recognizes financial assets and liabilities consisting 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 is initially recorded at fair value and subsequently measured at amortized cost using the effective interest method, with realized gains and losses reported in the statement of operations;
- ii) accounts receivable 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 the statement of operations; 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 the statement of operations.

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 less accumulated amortization.

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.

Art Gallery of Saskatchewan Inc. (Remai Modern)

Notes to the Financial Statements

For the year ended December 31, 2023

Amortization expense is reported in the Capital Fund and are tangible capital assets 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.

Expenditures for repairs and maintenance are expensed as incurred. Betterments that extend the useful life of the tangible capital asset are capitalized.

When a tangible capital asset no longer contributes to the Museum's ability to provide goods or services, or the future economic benefits or service potential of the tangible capital asset is less than its carrying value, the excess of its net carrying amount over its fair value or replacement cost is recognized as an expense in the statement of operations.

When a tangible capital asset is disposed of, the gain or loss on the disposal is recorded in the statement of operations within the Capital Fund based upon the difference in the proceeds received and the net book value of the underlying tangible capital 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. Write-downs are not reversed.

f) Permanent collection

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

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.

Art Gallery of Saskatchewan Inc. (Remai Modern)

Notes to the Financial Statements

For the year ended December 31, 2023

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 term of membership period.

Revenue from sales of self generated revenue, net of allowable discounts and allowances, is recognized upon delivery of good or service and when all significant contractual obligations have been satisfied and collection is reasonably assured. Service revenue is recognized as the services are performed. Amounts received in advance of revenue recognition are treated as deferred revenue.

Interest revenue is recorded when the right to receive payment is established provided that collection is reasonably assured, and it can be reliably measured.

h) Contributions of materials and services

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

Donations revenue and administration and operations expense for the year ended December 31, 2023 include \$2,000 (2022 – \$53,975) related to the estimated fair value of contributed supplies and advertising services.

i) Measurement uncertainty

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.

Art Gallery of Saskatchewan Inc. (Remai Modern)

Notes to the Financial Statements

For the year ended December 31, 2023

3 Accounts receivable and grants receivable

	2023 \$	2022 \$ (Restated – note 13)
Accounts receivable		
Operating Fund		
Remai Modern Foundation Inc. (note 4)	371,505	95,913
Trade receivables	262,478	171,490
GST receivable	6,074	68,633
	<hr/> 640,057	<hr/> 336,036
Capital Fund		
Capital activity receivables	19,804	-
Capital campaign contributions	-	4,364
	<hr/> 19,804	<hr/> 4,364
	<hr/> 659,861	<hr/> 340,400
Grants receivable		
Operating Fund		
Saskatchewan Arts Board	57,900	-
Prairies Economic Development Canada	-	500,000
City of Saskatoon (note 4)	-	285,194
Canada Council for the Arts	-	239,000
	<hr/> 57,900	<hr/> 1,024,194
Capital Fund		
City of Saskatoon (note 4)	-	250,000
	<hr/> 57,900	<hr/> 1,274,194

Art Gallery of Saskatchewan Inc. (Remai Modern)

Notes to the Financial Statements

For the year ended December 31, 2023

4 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.

City of Saskatoon

The City is the sole membership unitholder of the Remai Modern. The Museum recognized grant revenue from the City of \$7,299,100 (2022 – \$6,872,200) for the year ended December 31, 2023. Grant revenue of \$nil (2022 – \$285,194) was receivable from the City as at December 31, 2023.

The accounts payable and accrued liabilities balance as at December 31, 2023 includes \$836,460 (2022 – \$747,611) 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.

Previously recorded accounts payable recorded for past construction costs incurred by the City of \$55,000 and grants receivable of \$250,000 related to building transition support were written down to \$nil during the year ended December 31, 2023.

Self-generated revenue for the year ended December 31, 2023, includes \$220,000 (2022 – \$220,000) recognized from the City for River Landing commissions.

Expenses for the year ended December 31, 2023, include a maintenance agreement fee of \$922,600 (2022 – \$922,600), an energy management fee of \$822,900 (2022 – \$683,500), a risk management insurance allocation of \$135,600 (2022 – \$103,800) and a capital replacement reserve allocation of \$944,000 (2022 – \$776,300) that are allocated by the City to the Museum.

During the year, a settlement was reached between the Museum and the City of Saskatoon (the City) regarding the remaining amount due from the capital campaign in the amount of \$3,019,800. A payment of \$1,400,000 was made in the current year. The remaining payments will consist of \$1,000,000 to be made in 2024 and the remaining \$619,800 to be made in annual payments of \$61,980 over ten years.

Remai Modern Foundation Inc.

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

Contributions of \$370,000 (2022 – \$580,000) were made from the Foundation to Remai Modern for the year ended December 31, 2023.

As at December 31, 2023, the accounts receivable balance includes \$370,000 (2022 – \$80,000) related to the cumulative contributions that have been approved by the Foundation and \$1,505 (2022 - \$15,913) related to costs incurred by Remai Modern on the Foundation's behalf.

Art Gallery of Saskatchewan Inc. (Remai Modern)

Notes to the Financial Statements

For the year ended December 31, 2023

5 Tangible capital assets

			2023	2022
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Facility upgrades	3,246,906	688,373	2,558,533	2,666,647
Furniture and equipment	1,323,938	521,524	802,414	723,533
Computer equipment and software	1,482,466	881,349	601,117	199,438
	<u>6,053,310</u>	<u>2,091,246</u>	<u>3,962,064</u>	<u>3,589,618</u>

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

6 Permanent collection

The Remai Modern collection consists of 651 (2022 – 582) works of art. During the year, the Museum purchased works of art for a total cost of \$1,346,077 (2022 – \$771,118). Donations to the Remai Modern permanent collections during the year included works of art with an appraised fair market value of \$141,550 (2022 – \$116,200). The artwork that is part of the Mendel permanent collection is currently under the control and custody of the Saskatoon Gallery and Conservatory Corporation. Remai Modern Art Gallery has been granted Category A status by Heritage Canada and will take control and custody of the Mendel permanent collection upon the wind up of the Saskatoon Gallery and Conservatory Corporation.

7 Accounts payable and accrued liabilities

	2023 \$	2022 \$
Operating Fund		
City of Saskatoon (note 4)	836,460	747,611
Trade accounts payable	429,662	338,149
Accrued vacation pay	262,891	250,119
Other accrued liabilities	47,207	98,331
	<u>1,576,220</u>	<u>1,434,210</u>
Capital Fund		
City of Saskatoon (note 4)	-	55,000
Trade accounts payable	-	705
	<u>-</u>	<u>55,705</u>
Permanent Collection		
Trade accounts payable	-	60,210
	<u>-</u>	<u>60,210</u>
	<u>1,576,220</u>	<u>1,550,125</u>

Art Gallery of Saskatchewan Inc. (Rimai Modern)

Notes to the Financial Statements

For the year ended December 31, 2023

8 Deferred revenue

	2023			
	Balance – Beginning of year \$	Funds received \$	Revenue recognized \$	Balance – End of year \$
Frank & Ellen Rimai Foundation Inc.	361,626	-	-	361,626
Other restricted contributions and sponsorships	325,189	125,000	364,466	85,723
Lecture series	76,133	-	-	76,133
Memberships	84,017	68,981	79,079	73,919
Event deposits	69,100	115,000	142,063	42,037
Gift cards	17,705	1,465	2,716	16,454
Tours, workshops, and events	-	205,829	194,784	11,045
Saskatchewan Arts Board	135,100	-	135,100	-
	1,068,870	516,275	918,208	666,937

9 Self-generated revenue

	2023 \$	2022 \$
Facility rentals, catering and restaurant	1,798,832	544,237
Special events	228,793	99,111
City of Saskatoon – River Landing commission (note 4)	220,000	220,000
Art & Design Store	205,620	235,716
Memberships	139,130	169,322
Other	92,688	30,810
Tours and workshops	80,684	19,260
Admissions	-	96,660
	2,765,747	1,415,116

Art Gallery of Saskatchewan Inc. (Remai Modern)

Notes to the Financial Statements

For the year ended December 31, 2023

10 Expenses by type

	2023 \$	2022 \$
Salaries and employee benefits	5,318,586	4,897,802
City of Saskatoon capital repayment (note 4)	3,019,800	-
Special events, hosting and meetings	1,569,650	397,756
Artwork donated and purchased	1,487,627	887,318
City of Saskatoon maintenance agreement fee (note 4)	922,600	922,600
City of Saskatoon capital replacement reserve allocation (note 4)	944,000	776,300
City of Saskatoon energy management fee (note 4)	822,900	683,500
Supplies, telecommunications and printing	492,420	450,119
Artist and curator costs	389,277	387,858
Professional fees and contracts	382,610	225,245
Security guard fees	359,357	425,731
Amortization	338,000	314,866
Other	330,076	384,590
Travel costs	328,791	207,697
Art freight costs	259,743	368,857
Advertising, promotion and stewardship	231,680	312,006
Write down of City of Saskatoon balances, net (note 4)	195,000	-
City of Saskatoon risk management fee (note 4)	135,600	103,800
Software, website and other IT costs	134,899	85,191
Photography	108,865	81,179
Cost of goods sold	94,193	111,575
Insurance	49,841	27,300
Strategic planning and training	46,093	20,073
Publications	32,157	33,694
Repairs and maintenance	20,624	19,831
Bad debt expense	6,045	5,077
	18,020,434	12,129,965

11 Interfund transfers and internally restricted net assets

An internally restricted stabilisation fund was established for future contingencies or other specific purposes as designated by the Board of Directors. A transfer of \$200,000 was approved by the Board of Directors from the operating unrestricted net assets for the year ended December 31, 2023.

12 Economic dependence

Approximately 48% (2022 – 53%) of the revenue is derived from grants provided by the City of Saskatoon. The nature and extent of this revenue is of such significance that the loss of this source of revenue would have an adverse effect on the operations of the Museum.

The Museum relies on one key vendor to supply its catering goods and services. Abrupt changes in the supply of goods and services could cause a delay in catering services and possibly the inability to meet event commitments on schedule or a possible loss of catering services and potential future rental bookings. There are other suppliers in the market and the Museum believes that other suppliers could provide for their needs on comparable terms.

Art Gallery of Saskatchewan Inc. (Remai Modern)

Notes to the Financial Statements

For the year ended December 31, 2023

13 Prior period adjustment

The Museum has determined that the grants recorded as receivable from the Canada Council for the Arts for the year ended December 31, 2022, were understated by \$239,000. As a result, Canada Council for the Arts – Core grant revenue was understated by \$239,000 for the year ended December 31, 2022, and Canada Council for the Arts grants receivable were understated by \$239,000 as at December 31, 2022.

As a result, the amount reported for Canada Council for the Arts – Core grant revenue has been increased by \$239,000 for the year ended December 31, 2022 and the amount reported for Canada Council for the Arts grants receivable has been increased by \$239,000 as at December 31, 2022. Correspondingly, net assets as at December 31, 2022 have increased by \$239,000, resulting in restated net assets of the Operating Fund as at December 31, 2022 of \$500,602 (previously reported as \$261,602) and restated net assets in total as at December 31, 2022 of \$9,894,714 (previously reported as \$9,655,714).

There was no net impact of the restatement to the statement of cash flows.

Saskatchewan Place Association Inc.
Financial Statements
December 31, 2023

Saskatchewan Place Association Inc.
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Management's Responsibility

To the Member of Saskatchewan Place Association Inc.:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed entirely of Directors who are neither management nor employees of the Association. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities. The Board and fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for the appointment of the Association's external auditors.

MNP ^{LLP} is appointed by the Board to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

April 4, 2024

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke at the end.

Chief Financial Officer

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, 2023, 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, 2023, 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)*

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 4, 2024

MNP LLP

Chartered Professional Accountants

Saskatchewan Place Association Inc.

Statement of Financial Position

As at December 31, 2023

	2023	2022
Financial Assets		
Cash and cash equivalents	14,526,629	12,694,279
Marketable securities (Note 5)	2,280,532	4,381,750
Accounts receivable (Note 8)	1,211,918	1,402,653
Box office and advance receivables	80,689	706,448
Inventory for resale	181,481	189,334
Total Financial Assets	18,281,249	19,374,464
Liabilities		
Accounts payable (Note 6, Note 8, Note 14)	4,943,569	4,414,260
Advance ticket sales	7,000,345	8,024,066
Deposits	112,934	121,553
Unearned revenue	2,015,823	2,105,100
Capital lease obligation (Note 7)	49,230	86,445
Total Liabilities	14,121,901	14,751,424
Net Financial Assets	4,159,348	4,623,040
Non-Financial Assets		
Tangible capital assets (Note 11)	8,624,184	8,735,112
Prepaid expenses (Note 9)	819,661	517,108
Total Non-Financial Assets	9,443,845	9,252,220
Accumulated Surplus (Note 12)	13,603,193	13,875,260

Contingencies (Note 13)

Commitments (Note 14)

Approved by the Board

Bryan McCrea

Director

Paul S Jaspar

Director

Signature:



Email: bryan@3twenty.ca

Signature:



Paul S. Jaspar (Apr 11, 2024 15:23 MDT)

Email: pauljaspar@shaw.ca

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, 2023

	<i>2023 Budget (Note 15)</i>	<i>2023</i>	<i>2022</i>
Annual (deficit) surplus	312,491	(272,067)	1,514,323
Acquisition of tangible capital assets	(547,150)	(891,708)	(1,145,429)
Amortization of tangible capital assets	1,141,035	1,002,636	1,023,772
Loss on disposal of tangible capital assets	-	-	145,516
Surplus of tangible capital assets	593,885	110,928	23,859
Acquisition of prepaid expenses	-	(819,661)	(517,108)
Use of prepaid expenses	-	517,108	439,023
Deficit of other non-financial expenses	-	(302,553)	(78,085)
(Decrease) increase in net financial assets	906,376	(463,692)	1,460,097
Net financial assets, beginning of year	4,623,040	4,623,040	3,162,943
Net financial assets, end of year	5,529,416	4,159,348	4,623,040

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, 2023

	2023 <i>Budget</i> <i>(Note 15)</i>	2023	2022
Revenues			
Operations	19,011,637	29,512,831	20,831,205
Ancillary charges	1,226,945	3,074,657	2,447,664
Investment income	275,573	898,777	391,516
Total revenues	20,514,155	33,486,265	23,670,385
Expenses			
Production costs	8,214,553	16,906,797	10,956,529
Wages and benefits	3,631,498	3,742,119	3,339,089
Concessions	1,838,990	2,790,139	2,036,549
General administration <i>(Note 8)</i>	1,777,429	2,009,887	1,555,384
SEG management fees <i>(Note 14)</i>	(686,984)	1,517,259	176,620
Contract staff and supplies - events	937,675	1,169,081	883,711
Building and equipment maintenance	1,187,344	1,165,598	995,067
Amortization	1,141,035	1,002,636	1,023,772
Utilities	726,150	946,682	809,235
Civic Buildings allocation <i>(Note 8, Note 14)</i>	300,000	385,000	347,091
Advertising and promotion	428,824	416,423	484,844
Interest	5,150	6,711	22,239
Total expenses	19,501,664	32,058,332	22,630,130
Annual surplus before other items	1,012,491	1,427,933	1,040,255
Other items			
Contribution of tangible capital assets <i>(Note 14)</i>	-	-	619,584
Contribution to DEED <i>(Note 8, Note 14)</i>	(700,000)	(1,700,000)	-
Loss on disposal of tangible capital assets	-	-	(145,516)
Annual (deficit) surplus	312,491	(272,067)	1,514,323
Accumulated surplus, beginning of year	13,875,260	13,875,260	12,360,937
Accumulated surplus, end of year <i>(Note 12)</i>	14,187,751	13,603,193	13,875,260

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, 2023

	2023	2022
Cash provided by (used for) the following activities:		
Operating		
Annual (deficit) surplus	(272,067)	1,514,323
Loss on disposal of tangible capital assets	-	145,516
Amortization	1,002,636	1,023,772
	730,569	2,683,611
Accounts receivable	190,735	167,604
Box office and advance receivables	625,759	(277,306)
Inventory for resale	7,853	(14,278)
Prepaid expenses	(302,553)	(78,085)
Accounts payable	529,309	(4,623,979)
Advance ticket sales	(1,023,721)	4,683,689
Deposits	(8,619)	6,586
Unearned revenue	(89,277)	256,312
	660,055	2,804,154
Capital		
Purchase of tangible capital assets	(891,708)	(1,145,429)
Financing		
Repayment of capital lease obligations	(37,215)	(39,019)
(Decrease) increase in cash	(268,868)	1,619,706
Cash resources, beginning of year	17,076,029	15,456,323
Cash resources, end of year	16,807,161	17,076,029
Cash resources in comprised of:		
Cash and cash equivalents	14,526,629	12,694,279
Marketable securities	2,280,532	4,381,750
	16,807,161	17,076,029

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

Saskatchewan Place Association Inc.

Notes to the Financial Statements

For the year ended December 31, 2023

1. Operations

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

2. Change in accounting policies

During the year, the Association adopted the following new accounting policies as set out in the Canadian public sector accounting standards:

Financial instruments

Effective January 1, 2023, the Association adopted the Public Sector Accounting Board's ("PSAB") new recommendations for the recognition, measurement, presentation and disclosures of financial assets, financial liabilities and derivatives under Section PS3450 *Financial Instruments*. The new section is applied prospectively, and prior periods have not been restated.

There was no material impact on the financial statements from the prospective application of the new accounting recommendations.

Asset retirement obligations

Effective January 1, 2023 the Association adopted the PSAB's new standard for the recognition, measurement and disclosure of a liability for asset retirement obligations under PS3280 *Asset Retirement Obligations*. The new standard establishes when to recognize and how to measure a liability for an asset retirement obligation, and provides the related financial statement presentation and disclosure requirements. Pursuant to these recommendations, the change was applied prospectively, and prior periods have not been restated.

There are no assets that fall under this category and there was no material impact on the financial statements

3. New Standards and Amendments to Standards effective for Fiscal Years Beginning On or After April 1, 2023

PS 3160 *Public Private Partnerships*

PS 3160, *Public private partnerships* is a new standard establishing guidance on how to account for and report on partnerships between public and private sector entities, specifically those in which the entity in the public sector procures infrastructure in conjunction with a private sector entity. In these scenarios the private sector entity must have obligations to design, build, acquire or improve existing infrastructure. Furthermore they must also finance the transaction past the point in which the asset is initially ready for use along with operating and/or maintaining such on an ongoing basis. The standard applies to fiscal years beginning on or after April 1, 2023.

PS 3400 *Revenue*

PS 3400, *Revenue* is a new standard establishing guidance on how to account for and report on revenue. The standard provides a framework for recognizing, measuring and reporting revenues that arise from transactions that include performance obligations and transactions that do not have performance obligations. Performance obligations are enforceable promises to provide specific goods or services to a specific payer. The standard is mandatory for fiscal years beginning on or after April 1, 2023. The standard may be adopted retroactively or prospectively.

PSG-8 *Purchased Intangibles*

PSG-8, *Purchased intangibles*, provides guidance on accounting for and reporting on purchased intangibles. It provides clarity on the recognition criteria, along with instances of assets that would not meet the definition of such. The standard may be adopted retroactively or prospectively.

The Association is assessing the future changes and the extent of the impact on adoption of these future standards is not known at this time.

Saskatchewan Place Association Inc.

Notes to the Financial Statements

For the year ended December 31, 2023

4. 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:

Asset	Useful lives
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.

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.

4. Accounting policies (Continued from previous page)

Net financial assets

The Association's financial statements are presented to highlight net financial assets as the measurement of financial position. Net financial assets at the end of an accounting period are the net amount of financial assets less its financial liabilities. These include realizable assets which are convertible to cash and not intended for consumption in the normal course of operations. 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.

Leases

All leases are recorded on the financial statements as either a capital or operating lease. Any lease that transfers substantially all of the benefits and risk associated with the leased asset is classified as a capital lease and recorded as tangible capital assets. At the inception of a capital lease, an asset and a payment obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the asset's fair market value. Assets under capital leases are amortized on a straight-line basis over their estimated useful lives. Any other lease not meeting the before mentioned criteria is classified as an operating lease and rental payments are expensed as incurred.

4. 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.

Financial Instruments and Fair Values

The Association recognizes its financial instruments when the Association becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

At initial recognition, the Association may irrevocably elect to subsequently measure any financial instrument at fair value.

Transaction costs directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the statement of operations. Conversely, transaction costs are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

All financial assets except derivatives are tested annually for impairment. Any impairment, which is not considered temporary, is recorded in the statement of operations. Write-downs of financial assets measured at cost and/or amortized cost to reflect losses in value are not reversed for subsequent increases in value. Reversals of any net remeasurements of financial assets measured at fair value are reported in the statement of remeasurement gains and losses.

Interest income attributable to financial instruments are reported in the statement of operations.

Measurement of Financial Instruments:

Cash & cash equivalents at cost and amortized cost

Marketable securities at cost and amortized cost

Accounts receivable and box office and advance receivables at amortized cost

Accounts payable at amortized cost

Saskatchewan Place Association Inc.

Notes to the Financial Statements

For the year ended December 31, 2023

5. Marketable securities

Marketable securities as at December 31, 2023 includes one term deposit for an amount of \$2,280,532 (2022 - two term deposits ranging from \$2,160,091 to \$2,221,659) with interest rate of 2.65% (2022 – 2.60% to 2.65%) and maturing in July 2024 (2022 – July 2023 and July 2024).

6. Accounts payable

	2023	2022
Trade payables	4,755,226	3,407,221
Payables related to cancelled events	1,306	498
Canadian Emergency Wage Subsidy repayable	125,838	1,006,453
Government remittances	61,199	88
	4,943,569	4,414,260

7. Capital lease obligation

	2023	2022
Toyota Commercial Finance lease payable in monthly instalments of \$1,737 plus taxes, with stated interest rate of 5.45%, maturing January 2024, secured by equipment with a net book value of \$71,935 (2022 – \$79,128)	19,844	38,950
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 \$80,501 (2022 - \$88,551)	29,386	47,495
	49,230	86,445
Less: current portion	(49,230)	(38,950)
	-	47,495

Minimum lease payments due in next year is as follows:

2024	52,470
Less: imputed interest	(3,240)
Less: current portion	(49,230)
	-

The interest paid on capital leases amount to \$3,198 (2022 - \$19,229).

Saskatchewan Place Association Inc.

Notes to the Financial Statements

For the year ended December 31, 2023

8. Related party transactions

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

The amounts outstanding at year end are as follows:

	2023	2022
Accounts receivable	600,790	546,722
Accounts payable	1,398,499	892,581

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

Civic buildings allocation	385,000	347,091
Downtown Event and Entertainment District	1,700,000	-
General administration – land lease	120,000	120,000

9. Prepaid expenses

	2023	2022
Prepaid event expenses	203,834	1,010
Prepaid credit card and ticket fees	314,274	231,341
Prepaid operating and contra expenses	301,553	284,757
	819,661	517,108

10. Pension

Employees of the Association participate in a multi-employer defined benefit retirement plan established by the City of Saskatoon (a related party). The Association's obligation to the plan is limited to making required payments to match amounts contributed by employees for current services. The Association's required contribution ranged from 8.5% to 9.3% (2022 – 8.2% to 9%) of eligible employee earnings for 2023.

Pension expense for the year amounted to \$232,370 (2022 - \$216,422) and is included in wages and benefits.

Saskatchewan Place Association Inc.

Notes to the Financial Statements

For the year ended December 31, 2023

11. 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>	2023	2022
Balance, beginning of year	1,534,543	7,459,350	1,173,986	6,362,546	1,756,383	555,270	197,315	19,039,393	19,085,322
Acquisition of tangible capital assets	-	177,851	22,501	312,545	24,173	-	354,638	891,708	1,145,429
Disposal of tangible capital assets	-	-	-	-	-	-	-	-	(1,191,358)
Balance, end of year	1,534,543	7,637,201	1,196,487	6,675,091	1,780,556	555,270	551,953	19,931,101	19,039,393

Accumulated amortization

Balance, beginning of year	979,203	2,826,563	794,110	4,488,196	797,520	418,689	-	10,304,281	10,326,351
Disposals	-	-	-	-	-	-	-	-	(1,045,842)
Annual amortization	95,312	370,254	39,906	300,022	151,614	45,528	-	1,002,636	1,023,772
Balance, end of year	1,074,515	3,196,817	834,016	4,788,218	949,134	464,217	-	11,306,917	10,304,281
Net book value	460,028	4,440,384	362,471	1,886,873	831,422	91,053	551,953	8,624,184	-
2022 Net book value	555,340	4,632,787	379,876	1,874,350	958,863	136,581	197,315	-	8,735,112

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 \$152,436 (2022 - \$167,679).

Saskatchewan Place Association Inc.

Notes to the Financial Statements

For the year ended December 31, 2023

12. Accumulated surplus

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:

	2023	2022
Investment in tangible capital assets		
Opening balance	8,648,667	8,633,507
Acquisition of tangible capital assets	891,708	1,145,429
Disposal of tangible capital assets	-	(145,516)
Annual amortization	(1,002,636)	(1,023,772)
Debt repayments	37,215	39,019
	8,574,954	8,648,667
Equipment replacement reserve		
Opening balance	1,994,252	1,478,132
Allocation	537,069	564,253
Interest allocation	90,633	31,421
Expenditures	(233,239)	(79,554)
	2,388,715	1,994,252
Capital enhancement reserve		
Opening balance	2,761,025	2,249,298
Annual surplus, excluding DEED contribution	1,427,933	1,514,323
DEED contribution	(1,700,000)	-
Allocation to other reserves	(345,007)	(1,002,596)
	2,143,951	2,761,025
Stabilization and other reserves		
Opening balance	471,316	-
Allocation	-	471,316
Interest allocation	24,257	-
	495,573	471,316
Accumulated surplus	13,603,193	13,875,260

Saskatchewan Place Association Inc.

Notes to the Financial Statements

For the year ended December 31, 2023

13. 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 Association's financial position or results of operations.

14. Commitments

Effective January 1, 2022, the Association signed a management agreement with Saskatoon Entertainment Group Inc ("SEG"). 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, 2023 the Saskatoon Entertainment Group Inc. had contributed a total of \$Nil (2022 - \$619,584) towards this amount.

For the year ended December 2023, an amount of \$1,517,259 (2022 - \$176,620) is payable to the Saskatoon Entertainment Group Inc. on account of the 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. For the year ended December 31, 2023, the amount to be paid under the agreement amounts to \$385,000 (2022 - \$347,091) and an amount of \$732,091 (2022 - \$347,091) is carried as payable and is included under accounts payable (Note 6).

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.

During the year ended December 31, 2023, the Association entered into an agreement with the City of Saskatoon for a capital contribution of \$2,700,000 towards the planning, development and construction of the Downtown Event and Entertainment District ("DEED"). An amount of \$1,700,000 was paid in the year ended December 31 2023 and included in the Statement of Operations. The remaining \$1,000,000 is payable in the year ending December 31, 2024.

At December 31 2023, the Association had guaranteed amounts to various artists totalling \$985,553 for events to be held after year end.

Saskatchewan Place Association Inc.

Notes to the Financial Statements

For the year ended December 31, 2023

15. Budget Information

The budget information disclosed was approved by the Association's Board of Directors on November 3, 2022.

16. Risk management

The Association as part of its operations carries a number of financial instruments. It is management's opinion that the Association is not exposed to significant credit, liquidity or market risks arising from these financial instruments except as otherwise disclosed.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge their responsibilities with respect to the financial instrument, and in so doing, cause a loss for the other party. The financial instruments that potentially subject the Association to credit risk consist of accounts receivable and box office and advance receivables. The Association has mitigated its exposure to credit risk through review of long outstanding accounts receivables. As at December 31, 2023, the allowance for doubtful account amounts to \$18,684 (2022 - \$Nil).

Liquidity risk

Liquidity risk is the risk that the Association will counter difficulty in meeting obligations associated with financial liabilities that are settled by delivery of cash or another financial asset. The Association enters into transactions to purchase goods and services on credit, for which repayment is required at various maturity dates. Liquidity risk is managed and measured by reviewing the Association's future net cash flows for the possibility of negative net cash flow.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of the type of risk: interest rate risk and currency risk.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. The Association is not subject to significant interest rate risk.

Currency risk

Currency risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in currency fluctuations. The Association holds minimal US Dollars and considers its resulting in exposure to currency risk to be low.

Financial Statements of

**THE CENTENNIAL
AUDITORIUM & CONVENTION
CENTRE CORPORATION**

And Independent Auditor's Report thereon

Year ended December 31, 2023



KPMG LLP

500-475 2nd Avenue South
Saskatoon, Saskatchewan S7K 1P4
Canada
Telephone (306) 934 6200
Fax (306) 934 6233

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, 2023
- 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 Entity as at December 31, 2023 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 Entity 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.



Page 3

- 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.

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

Chartered Professional Accountants

Saskatoon, Canada

March 28, 2024

THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION

Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022
Financial Assets:		
Cash	\$ 1,795,142	\$ 1,116,007
Investments (note 3)	5,902,250	6,728,322
Accounts receivable (notes: 4, 11)	1,776,857	1,681,117
	<u>\$ 9,474,249</u>	<u>\$ 9,525,446</u>
Financial Liabilities:		
Accounts payable and accrued liabilities (note 11)	\$ 2,024,159	\$ 2,579,439
Deferred revenue (note 6)	650,745	871,562
Advance ticket sales (note 5)	2,272,790	1,110,016
Rental deposits	554,680	398,075
	<u>5,502,374</u>	<u>4,959,092</u>
Net Financial Assets	3,971,875	4,566,354
Non-Financial Assets		
Inventory	70,785	96,154
Prepaid expenses	153,765	154,023
Tangible capital assets (Schedule 3)	3,205,256	3,124,085
	<u>3,429,806</u>	<u>3,374,262</u>
Accumulated surplus	\$ 7,401,681	\$ 7,940,616
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 (Apr 18, 2024 18:03 MDT)

Director


Tammy Sweeney (Apr 11, 2024 18:07 MDT)

Director

THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION

Statement of Operations

Year ended December 31, 2023, with comparative information for 2022

	2023 Budget (note 12)	2023 Actual	2022 Actual
Operating Revenue:			
Sales	\$ 9,269,881	\$ 11,992,675	\$ 8,227,763
Sponsorship	439,726	251,053	309,272
Interest income	98,650	221,583	214,166
	<u>9,808,257</u>	<u>12,465,311</u>	<u>8,751,201</u>
Operating expenditures:			
Direct (Schedule 1)	6,070,444	8,201,688	5,326,972
Facility (Schedule 1)	2,211,635	2,243,959	2,337,927
Administration (Schedule 1)	2,043,368	2,579,050	1,956,610
Amortization (Schedule 3)	504,000	428,570	458,403
Loss (gain) on disposal of tangible capital assets	-	-	(2,240)
	<u>10,829,447</u>	<u>13,453,267</u>	<u>10,077,672</u>
Operating margin	(1,021,190)	(987,956)	(1,326,471)
Other revenue and expenditures:			
Funding by City of Saskatoon	500,000	500,000	500,000
Reimbursement to City of Saskatoon	(111,450)	(110,979)	(186,996)
Grant revenue	125,000	60,000	125,000
Deficit of revenue over expenditures	(507,640)	(538,935)	(888,467)
Accumulated surplus, beginning of year	-	7,940,616	8,829,083
Accumulated surplus, end of year	\$ (507,640)	\$ 7,401,681	\$ 7,940,616

See accompanying notes to financial statements.

THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION

Statement of Changes in Net Financial Assets

Year ended December 31, 2023, with comparative information for 2022

	Budget (note 12)	2023	2022
Deficit of revenue over expenditures	\$ (507,640)	\$ (538,935)	\$ (888,467)
Acquisition of tangible capital assets	(307,578)	(509,741)	(349,650)
Amortization of tangible capital assets	504,000	428,570	458,403
	(311,218)	(620,106)	(779,714)
Use of inventory	-	25,369	(27,973)
Acquisition of prepaid expenses and deferred charges	-	258	(38,156)
Change in net financial assets	(299,591)	(594,479)	(845,843)
Net financial assets beginning of year	4,566,354	4,566,354	5,412,197
Net financial assets end of year	\$ 4,266,763	\$ 3,971,875	\$ 4,566,354

See accompanying notes to financial statements.

THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION

Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Operating activities:		
Deficit of revenue over expenditures	\$ (538,935)	\$ (888,467)
Non-cash items included in surplus for the year:		
Amortization	428,570	458,403
Changes in non-cash working capital relating to operations:		
Accounts receivable	(95,740)	(637,196)
Inventory	25,369	(27,973)
Prepaid expenses and deferred charges	258	(38,156)
Accounts payable and accrued liabilities	(555,280)	235,788
Deferred revenue	(220,817)	(203,778)
Advance ticket sales	1,162,774	20,595
Rental deposits	156,605	50,862
	362,804	(1,029,922)
Capital activities:		
Acquisition of tangible capital assets	(509,741)	(349,650)
	(509,741)	(349,650)
Investing activities:		
Purchase of investments	(3,481,408)	-
Investment maturities	4,000,000	1,082,490
Accrued interest	307,480	(149,413)
	826,072	933,077
Net increase (decrease) in cash		
	679,135	(446,495)
Cash position, beginning of year		
	1,116,007	1,562,502
Cash position, end of year		
	\$ 1,795,142	\$ 1,116,007
Cash interest included in deficit of revenue over expenditures:		
Interest received	221,583	111,773
Interest paid to City of Saskatoon	(18,889)	(27,187)

See accompanying notes to financial statements.

THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION

Notes to Financial Statements

Year ended December 31, 2023

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 initial maturity terms between six months and five years.

THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2023

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, 2023

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, 2023

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 projects reserve is intended for future major planned projects for the Corporation that are aligned with the long-term plan of the Corporation.

The theatre equipment restoration reserve is used to accumulate funds for the purpose of equivalent replacement of programming equipment in the Sid Buckwold Theatre.

The stabilization reserve is used to ensure the stability and ongoing operations of the organization and for the purpose of offsetting any operating deficits of the Corporation.

THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2023

3. Investments:

	2023	2022
Guaranteed Investment Certificate 3.37% maturing January 29, 2024	\$ 2,000,000	\$ 2,000,000
Guaranteed Investment Certificate 5.55% maturing April 24, 2024	1,537,227	-
Term deposit 2.40% maturing January 28, 2024	1,000,000	-
Guaranteed Investment Certificate 5.45% maturing May 13, 2024	500,000	-
Guaranteed Investment Certificate 5.50% maturing January 22, 2024	444,181	-
Guaranteed Investment Certificate 2.65% maturing January 30, 2023	-	2,000,000
Term deposit 2.40% maturing January 28, 2024	-	1,000,000
Guaranteed Investment Certificate 3.09% maturing May 1, 2023	-	1,000,000
Accrued interest	420,842	728,322
	\$ 5,902,250	\$ 6,728,322

4. Accounts receivable:

	2023	2022
Trade receivables	\$ 1,036,568	\$ 1,136,479
Funding receivable from the City of Saskatoon (note 11)	600,000	500,000
Other receivables	140,189	53,812
Allowance for doubtful accounts	-	(9,174)
	\$ 1,776,757	\$ 1,681,117

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, 2023

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.

	2023	2022
Naming rights	\$ 590,625	\$ 787,500
Sponsorship contracts	57,102	61,966
Events	-	18,500
Boxes	3,018	3,596
	\$ 650,745	\$ 871,562

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
2024	\$ 52,550	\$ 49,000	\$ 12,000	\$ 113,550
2025	6,917	17,500	12,000	36,417
2026	-	16,250	12,000	28,250
2027	-	6,667	12,000	18,667
2028	-	-	3,000	3,000
	\$ 59,467	\$ 89,417	\$ 51,000	\$ 199,884

THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2023

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:

2024	\$	113,568
2025		116,392
2026		119,217
2027		122,041
2028		124,865
Thereafter		424,268
	\$	1,020,351

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 \$275,427 (2022 - \$252,170) 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, 2023

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, 2023, the Corporation had \$227,658 of overdue receivables that are not impaired in the financial statements (2022 - \$146,972).

(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, 2023, the Corporation had sufficient working capital to meet current obligations as they are due.

(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, 2023

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:

	2023	2022
Accounts receivable from the City of Saskatoon	\$ 639,970	\$ 557,648
Accounts payable and accrued liabilities to the City of Saskatoon	1,356,641	1,274,665
Accounts receivable from the Sasktel Centre	7,952	40,645
Utilities expenses charges by the City of Saskatoon	582,808	531,158
Insurance expense charged by the City of Saskatoon	195,772	149,666
Operating grant from the City of Saskatoon	500,000	500,000
Reimbursement to the City of Saskatoon	-	186,996

12. Budgeted figures:

Budgeted figures included in the financial statements were approved by the Board of Directors on October 26, 2023, and on November 29, 2023 The City of Saskatoon Council approved the budget.

THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION

Schedule 1 - Operating expenditures

Year ended December 31, 2023, with comparative information for 2022

	Budget	2023	2022
Direct expenditures:			
Salaries	\$ 3,937,965	\$ 2,807,058	\$ 2,028,599
Cost of food and beverages	901,266	2,932,235	1,741,953
Supplies	562,649	650,806	382,770
Theatre production costs	429,357	1,172,988	735,571
Credit card charges	7,500	192,200	177,370
Other expenses	20,761	155,758	124,312
Advertising and promotion	184,420	270,219	124,229
Telephone	23,976	21,070	15,417
Equipment maintenance	5,550	8,494	6,251
Bad debts (recovery)	(3,000)	(9,140)	(9,500)
	\$ 6,070,444	\$ 8,201,688	\$ 5,326,972
Facility			
Utilities	\$ 869,819	\$ 797,692	\$ 843,466
Salaries and benefits	752,603	751,783	1,030,378
Maintenance	328,855	365,367	249,902
Insurance	195,768	195,772	149,666
Service contracts	64,590	133,345	64,515
	\$ 2,211,635	\$ 2,243,959	\$ 2,337,927
Administration			
Salaries and benefits	\$ 1,659,728	\$ 2,013,935	\$ 1,595,340
Professional fees	28,800	32,086	32,476
IT consultant and support	133,892	259,108	135,167
Training and staff morale	92,492	111,789	91,172
Office supplies and equipment	30,369	64,898	46,030
Bank charges and interest expense	600	20,172	12,314
Memberships, subscriptions and licenses	22,437	21,724	12,022
Travel	-	5,354	4,933
Board of directors	2,950	4,103	5,021
Printing and postage	10,200	14,177	14,812
Strategic Initiative	61,900	31,704	7,323
	\$ 2,043,368	\$ 2,579,050	\$ 1,956,610

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Schedule 2 - Reserves

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Capital projects reserve		
Balance, beginning of year	\$ -	\$ -
Allocation from operations	-	-
Interest earned	-	-
Transfer to Stabilization Reserve	-	-
Expenditures	-	-
Balance, end of year	-	-
Theatre equipment restoration reserve		
Balance, beginning of year	\$ -	\$ -
Allocation from operations	-	-
Interest earned	-	-
Transfer to Stabilization Reserve	-	-
Expenditures	-	-
Balance, end of year	-	-
Equipment replacement reserve		
Balance, beginning of year	4,454,017	4,833,730
Allocation from operations	258,509	489,958
Interest earned	89,080	102,394
Expenditures	(509,741)	(349,650)
Transfer to Stabilization Reserve	(4,291,865)	(622,415)
Balance, end of year	-	4,454,017
Stabilization reserve		
Balance, beginning of year	362,514	762,515
Allocation to operations	(457,954)	(1,022,416)
Transfer from Equipment replacement reserve	4,291,865	622,415
Balance, end of year	4,196,425	362,514
Total reserves	4,196,425	4,816,531
Investment in tangible capital assets	3,205,256	3,124,085
Accumulated surplus	7,401,681	7,940,616

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Schedule 3 - Tangible capital assets

Year ended December 31, 2023, with comparative information for 2022

Title	Caretaking & Maintenance	Computer	Kitchen	Theatre	Sound	Lighting	Other	Total
Cost								
Beginning of year	193,399	533,076	1,171,049	1,718,116	1,492,895	1,099,645	1,418,099	7,626,279
Additions	4,681	188,278	16,777	244,976	23,111	28,775	3,143	509,741
End of year	198,080	721,354	1,187,826	1,963,092	1,516,006	1,128,420	1,421,242	8,136,020
Accumulated amortization								
Beginning of year	(145,567)	(220,234)	(500,089)	(1,063,232)	(877,442)	(715,128)	(980,502)	(4,502,194)
Amortization	(13,552)	(100,655)	(75,869)	(53,312)	(74,325)	(42,897)	(67,960)	(428,570)
End of year	(159,119)	(320,889)	(575,958)	(1,116,544)	(951,767)	(758,025)	(1,048,462)	(4,930,764)
Net book value,								
beginning of year	47,832	312,842	670,960	654,884	615,453	384,517	437,597	3,124,085
Net book value, end of year	38,961	400,465	611,868	846,548	564,239	370,395	372,780	3,205,256