

SASKATCHEWAN CENTRE OF THE ARTS

FINANCIAL STATEMENTS

For the Year Ended March 31, 2014



INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

I have audited the accompanying financial statements of Saskatchewan Centre of the Arts, which comprise the statement of financial position as at March 31, 2014 and the statement of operations and accumulated surplus, statement of changes in net financial assets and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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 for Treasury Board's approval, 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Saskatchewan Centre of the Arts as at March 31, 2014, and the results of its operations and accumulated surplus, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Judy Ferguson, FCA
Acting Provincial Auditor

Regina, Saskatchewan
June 24, 2014

SASKATCHEWAN CENTRE OF THE ARTS (CONEXUS ARTS CENTRE)
STATEMENT OF FINANCIAL POSITION
As at March 31

	<u>2014</u>	<u>2013</u>
FINANCIAL ASSETS		
Current:		
Cash and cash equivalents	\$ 1,902,003	\$ 2,039,555
Accounts receivable	365,733	250,788
Inventories held for resale	<u>54,364</u>	<u>46,874</u>
	<u>2,322,100</u>	<u>2,337,217</u>
 LIABILITIES		
Accounts payable and accrued charges	846,288	650,937
Advance sales and deposits	<u>424,923</u>	<u>855,577</u>
	<u>1,271,211</u>	<u>1,506,514</u>
 NET FINANCIAL ASSETS (Statement 3)	<u>1,050,889</u>	<u>830,703</u>
 NON-FINANCIAL ASSETS		
Tangible capital assets (Note 5)	718,791	842,731
Inventories held for consumption	<u>43,946</u>	<u>49,585</u>
	<u>762,737</u>	<u>892,316</u>
 ACCUMULATED SURPLUS (Statement 2)	<u><u>\$ 1,813,626</u></u>	<u><u>\$ 1,723,019</u></u>

Twyla MacDougall-Chair Audit Committee

Rick Mantey-Chair Board

(see accompanying notes to the financial statements)

SASKATCHEWAN CENTRE OF THE ARTS (CONEXUS ARTS CENTRE)
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
For the Year Ended March 31

	Budget 2014 (Note 6)	Actual 2014	Actual 2013
REVENUES:			
Convention/Catering (Schedule 1)	\$ 2,476,000	\$ 3,017,352	\$ 2,405,899
Theatre (Schedule 1)	2,525,500	2,539,562	2,277,905
Other	48,000	48,267	48,267
Grant from General Revenue Fund	<u>223,000</u>	<u>223,000</u>	<u>446,000</u>
	<u>5,272,500</u>	<u>5,828,181</u>	<u>5,178,071</u>
EXPENSES:			
Convention/Catering (Schedule 1)	2,881,780	3,155,260	2,722,128
Theatre (Schedule 1)	<u>2,414,680</u>	<u>2,582,314</u>	<u>2,314,474</u>
	<u>5,296,460</u>	<u>5,737,574</u>	<u>5,036,602</u>
Surplus (Deficit) for the year	<u>(23,960)</u>	<u>90,607</u>	<u>141,469</u>
Accumulated surplus - beginning of year		<u>1,723,019</u>	<u>1,581,550</u>
Accumulated surplus, end of year - to Statement 1		<u>\$ 1,813,626</u>	<u>\$ 1,723,019</u>

(see accompanying notes to the financial statements)

Statement 3

SASKATCHEWAN CENTRE OF THE ARTS (CONEXUS ARTS CENTRE)
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the Year Ended March 31

	Budget 2014 (Note 6)	Actual 2014	Actual 2013
Surplus for the year	\$ (23,960)	\$ 90,607	\$ 141,469
Amortization of tangible capital assets	175,000	138,988	203,642
Acquisition of tangible capital assets	-	(15,048)	(696,470)
	<u>175,000</u>	<u>123,940</u>	<u>(492,828)</u>
Changes in inventories held for consumption	<u>-</u>	<u>5,639</u>	<u>(1,687)</u>
Increase (Decrease) in net financial assets	151,040	220,186	(353,046)
Net financial assets, beginning of year	<u>830,703</u>	<u>830,703</u>	<u>1,183,749</u>
Net financial assets, end of year – to Statement 1	<u>\$ 981,743</u>	<u>\$ 1,050,889</u>	<u>\$ 830,703</u>

(see accompanying notes to the financial statements)

SASKATCHEWAN CENTRE OF THE ARTS (CONEXUS ARTS CENTRE)
STATEMENT OF CASH FLOWS
For the Year Ended March 31

	<u>2014</u>	<u>2013</u>
Cash flows (used in) from operating activities:		
Cash receipts from customers	\$ 4,975,959	\$ 4,939,628
Cash paid to suppliers and employees	(5,405,086)	(4,868,649)
Investment income	22,290	17,773
Donations	61,333	61,333
Grant received	<u>223,000</u>	<u>446,000</u>
Cash flows (used in) from operating activities	<u>(122,504)</u>	<u>596,085</u>
Cash flows (used in) capital activities:		
Purchase of tangible capital assets	<u>(15,048)</u>	<u>(696,470)</u>
Net decrease in cash and cash equivalents	(137,552)	(100,385)
Cash and cash equivalents, beginning of year	<u>2,039,555</u>	<u>2,139,940</u>
Cash and cash equivalents, end of year - to Statement 1	<u><u>\$ 1,902,003</u></u>	<u><u>\$ 2,039,555</u></u>

(see accompanying notes to the financial statements)

SASKATCHEWAN CENTRE OF THE ARTS (CONEXUS ARTS CENTRE)
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2014

1. Status of Centre

The Board of the Saskatchewan Centre of the Arts is continued under *The Saskatchewan Centre of the Arts Act, 2000*, to maintain, operate and manage the Saskatchewan Centre of the Arts in Regina. The Act also continued the Saskatchewan Centre of the Arts Fund through which all financial transactions are conducted which relate to accomplishing the purposes of the Act.

Effective January 1, 2006 Conexus Credit Union made a donation to the Saskatchewan Centre of the Arts in return for the naming rights of the building. The Saskatchewan Centre of the Arts building is now commonly called the Conexus Arts Centre.

The ongoing operations of the Saskatchewan Centre of the Arts (Centre) are dependent on funding from the General Revenue Fund.

2. Significant Accounting Policies

These financial statements are prepared in accordance with Canadian public sector accounting standards. These statements do not present a Statement of Remeasurement Gains and Losses as the Centre has no remeasurement gains or losses.

The following accounting policies are considered to be significant:

a) Revenue recognition

Theatre revenue is recognized at the date of the performance and is recorded net of payments to promoters. Convention/Catering revenue is recognized at the date of the event.

b) Grant from the General Revenue Fund

The grant provided by the General Revenue Fund through the Provincial Capital Commission is recognized in the period the transfer is authorized and any eligibility criteria are met.

c) Tangible capital assets

Tangible capital assets are recorded at cost. Amortization is provided for using the straight-line method over the expected useful life (ranges from 3 to 10 years) of the tangible capital asset, with a full year's amortization taken in the year of acquisition.

d) Inventories held for resale and inventories held for consumption

Inventories consist of food which is held for consumption and liquor which is held for resale. Resale inventory is valued at the lower of cost and net realizable value. Inventory held for consumption is valued at cost.

e) Use of estimates

These statements are prepared in conformity with Canadian public sector accounting standards. These standards require management to make estimates and assumptions that affect the 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 expenses during the period. Significant areas requiring the use of management estimates relates to the useful lives of assets for amortization periods.

f) Financial Instruments

The Centre's financial instruments are comprised of cash and cash equivalents, accounts receivable, accounts payable and accrued charges, and advance sales and deposits. The carrying value of these financial instruments approximates their fair values as at March 31 due to their immediate or short-term nature.

3. Financial Instrument Risks

The Centre's financial risk relates primarily to credit risk from potential non-payment of accounts receivable. The maximum credit risk to which it is exposed at March 31, 2014 is limited to the carrying value of its accounts receivable. The allowance for doubtful accounts is \$nil (2013-\$nil). Subsequent to the year-end, a significant amount of accounts receivable have been collected reducing the credit risk. The Centre's financial instruments do not have any significant interest rate risk or liquidity risk.

4. Tangible Capital Assets

	Convention & Theatre Equipment	Catering Equipment	Office Equipment	Building Equipment	Bar Equipment	2014 Total	2013 Total
Cost							
Balance, beg of year	\$ 1,724,532	\$ 512,586	\$ 102,489	\$ 1,299,340	\$ 134,071	\$ 3,773,018	\$ 3,123,633
Additions	-	15,048	-	-	-	15,048	696,470
Disposals	-	-	-	-	-	-	47,085
Balance, end of year	1,724,532	527,634	102,489	1,299,340	134,071	3,788,066	3,773,018
Accumulated Amortization							
Balance, beg of year	\$ 896,930	\$ 512,586	\$ 95,607	\$ 1,291,093	\$ 134,071	\$ 2,930,287	\$ 2,773,730
Amortization expense	127,782	5,016	3,441	2,749	-	138,988	203,642
Disposals	-	-	-	-	-	-	47,085
Balance, end of year	1,024,712	517,602	99,048	1,293,842	134,071	3,069,275	2,930,287
Net book value, end of year	\$ 699,820	\$ 10,032	\$ 3,441	\$ 5,498	\$ -	\$ 718,791	\$ 842,731

5. Building and Site

The building and site have been leased from the Ministry of Central Services (CS) to the Centre for an annual rental of one dollar. The terms of the lease require the Centre to keep the building, and all other property contained therein, in good repair and condition with the provision that any major maintenance, renovations and construction project costing in excess of \$5,000 shall be the responsibility of CS. The current lease arrangement expired July 31, 2003. Until a new lease arrangement exists, the terms and conditions of the expired lease continue.

In addition, CS is responsible for charges by the Wascana Centre for services to the land and building as stipulated under *The Wascana Centre Act*.

6. Budget

These amounts represent the budget approved by the Centre's Board of Directors on May 27, 2013.

7. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies, boards and commissions related to the Centre by virtue of common control or significant influence by the Government of Saskatchewan (collectively referred to as "related parties"). Also, the Centre is related to non-Crown enterprises that the Government jointly owns or significantly influences.

Routine operating transactions with related parties are recorded at the agreed upon rates and are settled on normal trade terms. The following table summarizes the significant routine related party transactions for the year.

	<u>2014</u>	<u>2013</u>
Accounts receivable	\$ 73,776	\$ 38,946
Accounts payable & accrued charges	54,121	73,711
Revenues	836,720	598,279
Expenses		
Utilities	385,106	386,033
Administration	13,620	12,977
Salaries and benefits	206,437	200,670

Other transactions and amounts due to and from related parties are described separately in the financial statements and the notes thereto.

The Centre purchases all of its liquor through Saskatchewan Liquor and Gaming Authority. The Centre collected and remitted Liquor Consumption Tax of \$61,358 (2013-\$56,411) to the Saskatchewan Ministry of Finance. In addition, the Centre pays

Provincial Sales Tax to the Saskatchewan Ministry of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

8. Pension Plan

The Centre participates in a defined contribution pension plan for the benefit of its employees. The Centre's financial obligation to the plan is limited to making regular payments of 5% of employees' salaries (and 6% of IATSE permanent employees' salaries) for current service. The Centre's annual pension expense for 2014 was \$117,086 (2013 - \$114,748).

9. Comparative Figures

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

Schedule 1

SASKATCHEWAN CENTRE OF THE ARTS (CONEXUS ARTS CENTRE)
SCHEDULE OF REVENUES AND EXPENSES
For the Year ended March 31

	Convention/Catering	Theatre	2014	2013
<u>Revenues:</u>				
Catering	\$ 2,035,359	\$ 39,421	\$ 2,074,780	\$ 1,666,411
Refreshment Bar	490,837	187,676	678,513	580,466
Rentals	443,777	692,238	1,136,015	974,558
Commissions	-	123,283	123,283	113,988
Coat Check	33,311	9,741	43,052	38,847
Car Park	-	14,049	14,049	18,208
Donations	-	61,333	61,333	61,333
Investment Income	-	22,290	22,290	17,774
Sundry	-	38,283	38,283	39,292
Service Charges	14,068	1,351,248	1,365,316	1,172,927
Total	\$ 3,017,352	\$ 2,539,562	\$ 5,556,914	\$ 4,683,804
<u>Expenses:</u>				
Food Cost	\$ 455,777	\$ 3,810	\$ 459,587	\$ 401,206
Beverage Cost	167,073	56,444	223,517	189,017
Salaries & Benefits	1,848,667	1,862,418	3,711,085	3,125,032
Event Expenses	199,153	173,920	373,073	307,429
Advertising	11,723	11,723	23,446	47,781
Utilities	220,765	221,899	442,664	436,588
Administration	117,786	117,785	235,571	197,254
Amortization	69,494	69,494	138,988	203,642
Building Expense	64,822	64,821	129,643	128,653
Total	\$ 3,155,260	\$ 2,582,314	\$ 5,737,574	\$ 5,036,602