

Dance Saskatchewan Inc.

FINANCIAL STATEMENTS

Year Ended September 30, 2020

Dance Saskatchewan Inc.

Saskatoon, Saskatchewan

September 30, 2020

Table of Contents

	Page
Independent Auditors' Report	1-2
Statement of Financial Position	3
Statement of Changes in Net Assets	4
Statement of Operations	5
Statement of Cash Flow	6
Notes to Financial Statements	7-11



Independent Auditors' Report

To the Board of Directors
Dance Saskatchewan Inc.

Opinion

We have audited the financial statements of Dance Saskatchewan Inc., (the non-profit), which comprise the Statement of Financial Position as at September 30, 2020 and the Statements of Operations, Changes in Net Assets and Cash Flow 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 non-profit as at September 30, 2020, and results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the financial statements section of our report. We are independent of the non-profit 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.

Material Uncertainty Related to Going Concern

We draw attention to note 10 in the financial statements, which indicates that the organization has significant negative cash flow for the year. The organization has also incurred a net loss of \$390,697 during the year ended September 30, 2020 and, as of that date, the organization's current liabilities exceeded its current assets by \$25,084. As stated in note 10, these events or conditions, along with other matters as set forth in note 10, indicate that a material uncertainty exists that may cast significant doubt on the organization's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 accounting standards for not-for-profit organizations, 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 non-profit'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 non-profit or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the non-profit's financial reporting process.



Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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 non-profit'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 non-profit'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 non-profit 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.

Baker Tilly SK LLP


Baker Tilly SK LLP

Saskatoon, SK
February 23, 2021

Dance Saskatchewan Inc.
 Saskatoon, Saskatchewan
 Statement of Financial Position as at September 30, 2020

	2020	2019
Assets		
Current Assets		
Cash and cash equivalents	970	134,304
Accounts receivable	18,220	32,507
Prepaid expenses	9,493	38,377
	28,683	205,188
Capital Assets - note 4	3,099	225,163
Other Assets	100	100
	\$ 31,882	\$ 430,451
Liabilities and Net Assets		
Current Liabilities		
Bank overdraft	2,148	
Accounts payable and accrued liabilities - note 5	51,619	61,639
	53,767	61,639
Net Assets		
Invested in capital assets	3,099	225,163
Internally-restricted net assets		40,800
Unrestricted net assets	(24,984)	102,849
	(21,885)	368,812
	\$ 31,882	\$ 430,451

Approved on behalf of the board:



Dance Saskatchewan Inc.
Statement of Changes in Net Assets
For the year ended September 30, 2020

	Invested in Capital Assets	Internally- Restricted Net Assets	Unrestricted Net Assets	2020 Total	2019 Total (Note 12)
Balance, beginning of year	225,163	40,800	102,849	368,812	539,244
Excess (deficiency) of revenue over expenses for the year	(4,105)		(386,592)	(390,697)	(170,432)
Interfund transfers - notes 6 and 7	<u>(217,959)</u>	<u>(40,800)</u>	<u>258,759</u>		
Balance (deficit), end of year	<u>\$ 3,099</u>	<u>\$ 0</u>	<u>\$(24,984)</u>	<u>\$(21,885)</u>	<u>\$ 368,812</u>

*The notes to financial statements are an integral
part of these financial statements.*

Dance Saskatchewan Inc.
Statement of Operations
For the year ended September 30, 2020

	2020	2019 (Note 12)
Revenue		
Saskatchewan Lottery Trust Fund grant	410,000	410,000
Tenant and studio rent	40,578	103,750
Workshops and programs	22,637	59,800
Memberships	7,367	13,033
Donations and fundraising	3,905	2,255
Floor rental and floor tape sales	2,669	6,032
Interest	106	3,459
Other	100	964
Other grants		6,576
Advertising		68
	<u>487,362</u>	<u>605,937</u>
Expenses		
Accounting fees	7,682	6,521
Advertising and promotion	1,042	
Amortization	4,105	23,977
Audit fees	25,034	8,224
Bad debt	8,438	
Consulting fees	23,858	5,985
Contracts		7,028
Data processing	825	971
Floor tape	229	1,143
Fundraising		719
Grants		20,000
Insurance	465	9,341
Interest and bank charges	1,894	3,249
Legal fees	19,659	17,651
Licenses and memberships	6,656	4,968
Loss on disposal of capital assets	218,737	67,752
Meals	123	638
Office	6,856	6,622
Partner workshops	21,194	17,570
Professional development	833	4,369
Programming	19,549	45,404
Rent and occupancy costs	342,428	263,464
Repairs and maintenance		848
Supplies	3,114	5,538
Telephone	4,367	8,026
Travel	464	4,351
Wages	141,480	214,941
Wage benefits	18,202	23,816
Website development and maintenance	825	3,253
	<u>878,059</u>	<u>776,369</u>
Excess (Deficiency) of Revenue Over Expenses for the Year	<u>\$(390,697)</u>	<u>\$(170,432)</u>

*The notes to financial statements are an integral
part of these financial statements.*

Dance Saskatchewan Inc.
Statement of Cash Flow
For the year ended September 30, 2020

	2020	2019 (Note 12)
Cash Provided By (Used In):		
Operations		
Excess (deficiency) of revenue over expenses for the year	(390,697)	(170,432)
Add items not requiring cash resources		
Amortization	4,105	23,977
Loss on disposal of capital assets	218,737	67,752
Net change in working capital	<u>33,150</u>	<u>(2,906)</u>
	<u>(134,705)</u>	<u>(81,609)</u>
Investing activities		
Capital asset purchases	(1,627)	(204,383)
Proceeds on disposal of capital assets	850	
Proceeds on disposal of long-term investments		141,480
	<u>(777)</u>	<u>(62,903)</u>
Net Cash Increase (Decrease) for the Year	(135,482)	(144,512)
Cash position, beginning of year	<u>134,304</u>	<u>278,816</u>
Cash Position, End of Year	<u>\$ (1,178)</u>	<u>\$ 134,304</u>
Represented By:		
Cash and cash equivalents	970	134,304
Bank overdraft	<u>(2,148)</u>	<u> </u>
	<u>\$ (1,178)</u>	<u>\$ 134,304</u>
Net change in working capital consists of:		
Decrease (increase) - accounts receivable	14,287	(41,085)
- prepaid expenses	28,884	
Increase (decrease) - accounts payable and accrued liabilities	<u>(10,021)</u>	<u>38,179</u>
	<u>\$ 33,150</u>	<u>\$ (2,906)</u>

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

Dance Saskatchewan Inc.
Notes to Financial Statements
For the year ended September 30, 2020

1. Nature of Operations

The organization was incorporated under the Non-Profit Corporations Act of Saskatchewan. Dance Saskatchewan Inc. serves and supports the development and delivery of dance throughout Saskatchewan. They facilitate the creation and sharing of dance, gather and distribute dance information, advocate and promote dance, and enable dance accessibility through programs and funding. The organization, as a registered charity, is not subject to income tax.

2. Significant Accounting Policies

These financial statements are the responsibility of management and have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFP) using the accounting policies as summarized below:

(a) Fund accounting

The accounts of the organization are maintained in accordance with the principles of fund accounting. For financial reporting purposes, accounts with similar characteristics have been combined into the following major funds:

(i) Operating fund

The operating fund reflects the primary operations of the organization.

(ii) Invested in Capital Assets fund

The invested in capital assets fund is a restricted fund that reflects the equity of the organization in capital assets after taking into consideration any associated long-term debt. Expenses consist primarily of amortization of capital assets and interest expense.

(iii) Internally-Restricted fund

The internally-restricted fund is a restricted fund that reflects net assets restricted in their use by the board of directors. These funds can be accessed by passing of a board motion and their purpose can be changed by the board at any time.

(b) Cash and cash equivalents and bank overdraft

Cash and cash equivalents and bank overdraft represents cash on hand and cash held in banks, net of bank overdraft.

(c) Capital assets

Capital assets are recorded at cost less accumulated amortization.

The assets are amortized using the following methods and rates:

	Method of Amortization	Rate of Amortization
Furniture, fixtures and equipment	straight-line	3-5 years
Library resources	straight-line	10 years
Computer equipment	straight-line	3 years
Leasehold improvements	straight-line	15 years

Dance Saskatchewan Inc.
Notes to Financial Statements
For the year ended September 30, 2020

2. **Significant Accounting Policies** - continued

(d) Revenue

The organization follows the deferral method of accounting for contributions. Restricted contributions, subject to external stipulations, are recognized as revenue in the year in which the related expenses are incurred. Restricted contributions for which the related restrictions remain unfulfilled are accumulated as deferred contributions. Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Rentals, memberships and other operating revenues are recognized as revenue in the year to which they relate when the service has been provided and collection is reasonably assured.

(e) Donated materials and services

The organization benefits from the donation of materials and services. These financial statements reflect the value of donations-in-kind received during the year to the extent that they would be paid for in the normal operations of the organization's activities and the fair value can be reasonably estimated. Volunteer hours are not recognized in these financial statements due to the difficulty in determining fair value.

(f) Financial instruments

Measurement of financial instruments

The organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The organization subsequently measures all its financial assets and liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in excess of revenue over expenses.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in excess of revenue over expenses. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess of revenue over expenses.

(g) Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the statement of operations in the period in which they became known.

Dance Saskatchewan Inc.
Notes to Financial Statements
For the year ended September 30, 2020

3. Risks Arising from Financial Instruments

The organization is exposed to various risks through its financial instruments. The following analysis presents the organization's risk exposure and concentrations at the reporting date.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization is exposed to credit risk from the potential non-payment of accounts receivable. The organization provides credit to its customers in the normal course of operations.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The organization is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed-rate instruments subject the organization to fair value risk, while floating interest rate instruments subject it to cash flow risk.

4. Capital Assets

	Cost	Accumulated Amortization	Net Book Value 2020	Net Book Value 2019
Furniture, fixtures and equipment	15,902	(14,117)	1,785	6,174
Library resources	85,389	(85,160)	229	343
Computer equipment	13,178	(12,093)	1,085	
Leasehold improvements				218,646
	<u>\$ 114,469</u>	<u>\$(111,370)</u>	<u>\$ 3,099</u>	<u>\$ 225,163</u>

5. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities are comprised of the following items:

	2020	2019
Accounts payable	16,719	9,048
Government remittances	1,928	5,497
Wages payable	21,869	
Accrued liabilities	11,103	47,094
	<u>\$ 51,619</u>	<u>\$ 61,639</u>

6. Internally-Restricted Net Assets

Internally-restricted net assets consists of four designated reserve accounts. There are no externally imposed restrictions on these net assets and no funds have been physically segregated for these stated purposes.

The first reserve account, the Dance and the Child International (DACI) fund, is to be used for dance and the Child International/World of Dance Alliance (DACI/WDA) conference travel costs. The ending balance in this reserve account was \$7,000 in 2019.

Dance Saskatchewan Inc.
Notes to Financial Statements
For the year ended September 30, 2020

6. Internally-Restricted Net Assets - continued

The second reserve account, the General Reserve, is a contingency fund which will be capped at an amount equal to six months of operating costs. The ending balance in this reserve account was \$3,000 in 2019.

The third reserve account, the Building Fund, is intended to accumulate in order to allow the organization to build a facility upon the completion of their building lease. The ending balance in this reserve account was \$20,800 in 2019.

The fourth reserve account, the Silent Survivor Reserve, is intended to accumulate until future filming is planned to resume on the production of Silent Survivors. The ending balance in this reserve account was \$10,000 in 2019.

During the current fiscal year the organization transferred all \$40,800 from the internally-restricted fund to the operating fund as directed by a board of directors' motion.

7. Interfund Transfers

During the year, the organization transferred a net \$217,959 from the operating fund to the invested in capital assets fund to account for the loss on disposal of capital assets, offset by the purchase of capital assets and the proceeds on sale of capital assets.

8. Commitments

On February 12, 2021, Dance Saskatchewan Inc. signed a lease agreement with 102055626 Saskatchewan Ltd. to lease units 100, 102, 103, 104 - 309 Fairmont Drive in Saskatoon, Saskatchewan. The lease agreement is for use of the premise rented for five years with annual rent (equal monthly payments) as follows (excluding GST):

October 1, 2020 to September 30, 2021	24,300
October 1, 2021 to September 30, 2022	24,300
October 1, 2022 to September 30, 2023	24,300
October 1, 2023 to September 30, 2024	24,300
October 1, 2024 to September 30, 2025	<u>24,300</u>
Total future minimum lease payments	<u>\$ 121,500</u>

9. Economic Dependence

Approximately 84% of the organization's revenues earned during the year were derived from the Saskatchewan Lotteries Trust Fund. The funding agreement was continued effective October 1, 2020 in the context of the organization being under eligibility review for Trust funding.

Dance Saskatchewan Inc.
Notes to Financial Statements
For the year ended September 30, 2020

10. Going Concern

Current year cash flows are negative, and cash resources have decreased 101% (\$135,482) in the fiscal year after declining 52% (\$144,512) in 2019. Members of board and key management personnel resignations also occurred during the year. The new board decided to terminate the building lease signed in the prior year which caused further losses in operations. All of this, also coinciding with the COVID-19 pandemic which developed rapidly in 2020, had a resulting impact on the operations, and measures taken by governments to contain the virus have negatively affected the entity's results in the reporting period.

As a result of the above indicators individually and together, there is a material uncertainty that may cast significant doubt upon the entity's ability to continue as a going concern.

In response to these issues, the entity's board of directors and management are working closely with SaskCulture Inc. in regards to an organizational and financial plan going forward. Management has determined that the actions it has taken are sufficient to mitigate the uncertainty and has, therefore, prepared the financial statements on a going concern basis.

11. Subsequent Events

Subsequent to year-end, the organization applied for and received the Canada Emergency Wage Subsidy (CEWS) relating to periods 1-7 or for periods dated March 15, 2020 to September 26, 2020. The total amount received was \$23,191; this amount has not been recorded in these financial statements.

12. Comparative Figures

Certain balances for comparative purposes have been reclassified to conform with the current year's presentation.

13. Impact of COVID-19

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the organization's environment and in the global markets, possible disruption in supply chains and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the organization's operations. The extent of this outbreak and related containment measures on the organization's operations cannot be reliably estimated at this time.

Effective August 31, 2020, the organization laid off a significant portion of its workforce in response to a decrease in operating activities due to the COVID-19 pandemic.