

Dance Saskatchewan Inc.

FINANCIAL STATEMENTS

Year Ended September 30, 2021

Dance Saskatchewan Inc.

Saskatoon, Saskatchewan

September 30, 2021

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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
January 20, 2022



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, 2021 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, 2021, 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.

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.

Dance Saskatchewan Inc.
Statement of Changes in Net Assets
For the year ended September 30, 2021

	Invested in Capital Assets	Internally- Restricted Net Assets	Unrestricted Net Assets	2021 Total	2020 Total
Balance (deficit), beginning of year	3,099		(24,984)	(21,885)	368,812
Excess (deficiency) of revenue over expenses for the year	<u>(1,550)</u>	<u> </u>	<u>16,074</u>	<u>14,524</u>	<u>(390,697)</u>
Balance (deficit), end of year	<u>\$ 1,549</u>	<u>\$ 0</u>	<u>\$(8,910)</u>	<u>\$(7,361)</u>	<u>\$(21,885)</u>

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

Dance Saskatchewan Inc.
 Saskatoon, Saskatchewan
 Statement of Financial Position as at September 30, 2021

	2021	2020
Assets		
Current Assets		
Cash and cash equivalents	173,635	970
Accounts receivable	23,995	18,220
Prepaid expenses	<u>7,367</u>	<u>9,493</u>
	204,997	28,683
Capital Assets - note 4	1,549	3,099
Other Assets	<u>2,176</u>	<u>100</u>
	<u>\$ 208,722</u>	<u>\$ 31,882</u>
Liabilities and Net Assets		
Current Liabilities		
Bank overdraft		2,148
Accounts payable and accrued liabilities - note 5	16,083	51,619
Deferred revenue	<u>200,000</u>	<u>53,767</u>
	216,083	53,767
Net Assets		
Invested in capital assets	1,549	3,099
Unrestricted net assets	<u>(8,910)</u>	<u>(24,984)</u>
	<u>(7,361)</u>	<u>(21,885)</u>
	<u>\$ 208,722</u>	<u>\$ 31,882</u>

Approved on behalf of the board:

Kathy Bond
[Signature]

*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, 2021

	2021	2020
Revenue		
Sask Lotteries grant	300,000	410,000
Subsidies and grants	69,568	
Tenant and studio rent		40,578
Workshops and programs		22,637
Memberships	10,619	7,367
Donations and fundraising	243	3,905
Floor rental and floor tape sales	73	2,669
Interest	1	106
Other	111	100
Other grants	1,875	
Gain on disposal of capital assets	638	
	<u>383,128</u>	<u>487,362</u>
Expenses		
Accounting fees	13,519	7,682
Advertising and promotion		1,042
Amortization	1,550	4,105
Audit fees	12,625	25,034
Bad debt	1,026	8,438
Consulting fees	61,259	23,858
Data processing	322	825
Floor tape		229
Grants	149,341	
Insurance	2,868	465
Interest and bank charges	1,498	1,894
Legal fees		19,659
Licenses and memberships	5,429	6,656
Loss on disposal of capital assets		218,737
Meals	160	123
Office	7,684	6,856
Partner workshops		21,194
Professional development	5,840	833
Programming	11,337	19,549
Rent and occupancy costs	24,908	342,428
Supplies	2,070	3,114
Telephone	4,475	4,367
Travel	155	464
Wages	55,167	141,480
Wage benefits	5,492	18,202
Website development and maintenance	1,879	825
	<u>368,604</u>	<u>878,059</u>
Excess (Deficiency) of Revenue Over Expenses for the Year	<u>\$ 14,524</u>	<u>\$(390,697)</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, 2021

	2021	2020
Cash Provided By (Used In):		
Operations		
Excess (deficiency) of revenue over expenses for the year	14,524	(390,697)
Add items not requiring cash resources		
Amortization	1,550	4,105
Loss (gain) on disposal of capital assets	(638)	218,737
Net change in working capital	<u>160,815</u>	<u>33,150</u>
	<u>176,251</u>	<u>(134,705)</u>
Investing activities		
Capital asset purchases		(1,627)
Additions to other assets	(2,076)	
Proceeds on disposal of capital assets	638	850
	<u>(1,438)</u>	<u>(777)</u>
Net Cash Increase (Decrease) for the Year	174,813	(135,482)
Cash position, beginning of year	<u>(1,178)</u>	<u>134,304</u>
Cash Position, End of Year	<u>\$ 173,635</u>	<u>\$(1,178)</u>
Represented By:		
Cash and cash equivalents	173,635	970
Bank overdraft		<u>(2,148)</u>
	<u>\$ 173,635</u>	<u>\$(1,178)</u>
Net change in working capital consists of:		
Decrease (increase) - accounts receivable	(5,775)	14,287
- prepaid expenses	2,126	28,884
Increase (decrease) - accounts payable and accrued liabilities	(35,536)	(10,021)
- other current liabilities	<u>200,000</u>	
	<u>\$ 160,815</u>	<u>\$ 33,150</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, 2021

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 (ASNFPPO) 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

Dance Saskatchewan Inc.
Notes to Financial Statements
For the year ended September 30, 2021

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, 2021

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 2021	Net Book Value 2020
Furniture, fixtures and equipment	15,902	(15,009)	893	1,786
Library resources	85,389	(85,275)	114	228
Computer equipment	<u>13,178</u>	<u>(12,636)</u>	<u>542</u>	<u>1,085</u>
	<u>\$ 114,469</u>	<u>\$(112,920)</u>	<u>\$ 1,549</u>	<u>\$ 3,099</u>

5. Accounts Payable and Accrued Liabilities

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

Accounts payable	1,562	16,719
Government remittances	21	1,928
Wages payable		21,869
Accrued liabilities	<u>14,500</u>	<u>11,103</u>
	<u>\$ 16,083</u>	<u>\$ 51,619</u>

6. Subsidies and grants

The organization applied for and received the Canada Emergency Wage Subsidy (CEWS) and the Canada Emergency Rent Subsidy (CERS). Revenue from CEWS totaled \$54,721 and revenue from CERS totaled \$14,847.

Included in the CEWS revenue above is a portion that relates to periods 1-7 covering the dates March 15, 2020 to September 26, 2020. The organization did not apply for these periods until February 2021 resulting in revenues of \$23,191 being recorded in the current fiscal year for these periods.

Dance Saskatchewan Inc.
Notes to Financial Statements
For the year ended September 30, 2021

7. 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, 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>\$ 97,200</u>

8. Economic Dependence

Approximately 78% of the organization's revenues earned during the year were derived from the Sask Lotteries grant. The funding agreement was continued effective October 1, 2021 in the context of the organization being under a routine eligibility review for funding.

9. Going Concern

Current year cash flows are positive and cash resources have increased \$174,813 in the fiscal year, however, current liabilities are still higher than current assets and unrestricted net assets are in a deficit position. All of this, coinciding with the COVID-19 pandemic which continued to develop in 2021, 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 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 its actions are sufficient to mitigate the uncertainty, have a positive future outlook and believe that there will be no significant negative consequences from the eligibility review. Therefore, these financial statements have been prepared on a going concern basis.

10. 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.