

Saskatoon Gallery and Conservatory Corporation

Financial Statements
December 31, 2018



Independent auditor's report

To the Board of Trustees of Saskatoon Gallery and Conservatory Corporation

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Saskatoon Gallery and Conservatory Corporation (the Entity) as at December 31, 2018 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

What we have audited

The Entity's financial statements comprise:

- the statement of financial position as at December 31, 2018;
- the statement of operations and changes in fund balances for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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

Independence

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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.

PricewaterhouseCoopers LLP
128 4th Avenue South, Suite 600, Saskatoon, Saskatchewan, Canada S7K 1M8
T: +1 306 668 5900, F: +1 306 652 1315



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 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 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 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 Entity 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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Saskatoon, Saskatchewan
March 20, 2019

Saskatoon Gallery and Conservatory Corporation

Statement of Financial Position

As at December 31, 2018

			2018	2017
	Operating fund \$	Permanent collection fund \$	Total \$	Total \$
Assets				
Current assets				
Cash	-	-	-	565,542
Permanent collection (note 7)	-	1	1	1
	-	1	1	565,543
Liabilities and Net Assets				
Liabilities				
Due to Art Gallery of Saskatchewan (note 4)	-	-	-	565,480
Net assets				
Membership units (note 6)	62	-	62	62
Fund balance	(62)	1	(61)	1
	-	1	1	63
Total liabilities and net assets	-	1	1	565,543

Approved by the Board of Trustees

 _____ Trustee

 _____ Trustee

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

Saskatoon Gallery and Conservatory Corporation

Statement of Operations and Changes in Fund Balances

For the year ended December 31, 2018

			2018	2017
	Operating Fund \$	Permanent Collection Fund \$	Total \$	Total \$
Expenses				
Amortization	-	-	-	130,786
Total expenses	-	-	-	130,786
Deficit	-	-	-	(130,786)
Transfers to the Art Gallery of Saskatchewan Inc. (note 4)	(62)	-	(62)	(5,406)
Distribution of tangible capital assets to the City of Saskatoon (note 5)	-	1	-	(847,554)
Fund balances – Beginning of year	-	-	1	983,747
Fund balances – End of year	(62)	1	(61)	1

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

Saskatoon Gallery and Conservatory Corporation

Statement of Cash Flows

For the year ended December 31, 2018

			2018	2017
	Operating Fund \$	Permanent Collection Fund \$	Total \$	Total \$
Cash provided by (used in)				
Operating activities				
Deficit	-	-	-	(130,786)
Transfers to the Art Gallery of Saskatchewan Inc.	(62)	-	(62)	-
Item not affecting cash				
Amortization	-	-	-	130,786
	(62)	-	(62)	-
Investing activities				
	-	-	-	-
Financing activities				
Increase (decrease) in due to Art Gallery of Saskatchewan Inc.	(565,480)	-	(565,480)	220,764
Net change in cash	(565,542)	-	(565,542)	220,764
Cash – Beginning of year	565,542	-	565,542	344,778
Cash – End of year	-	-	-	565,542

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

Saskatoon Gallery and Conservatory Corporation

Notes to Financial Statements

December 31, 2018

1 Description of the organization

The Saskatoon Gallery and Conservatory Corporation (“the gallery”) was incorporated under the Non-profit Corporations Act (1995) in the Province of Saskatchewan and is a registered charity under the Income Tax Act.

The gallery operated and maintained, in the City of Saskatoon, a public museum for the collection, exhibition, presentation and interpretation of works of art and for the development of public understanding and appreciation of art. The gallery was closed on June 7, 2015 and the activity since closure has been related to the transition of operations to the Art Gallery of Saskatchewan Inc. entity. During 2019 the Art Gallery of Saskatchewan Inc. is expected to be granted Category A status by Heritage Canada allowing the permanent collection held by the gallery to be transferred to the Art Gallery of Saskatchewan Inc. entity.

The residual tangible capital assets were transferred to the City of Saskatoon in 2017. All other assets held by the gallery will be transferred to the Art Gallery of Saskatchewan Inc. entity. The date of the transfer has yet to be determined but is expected to occur within the next year.

2 Basis of presentation

The financial statements have been prepared in accordance with Canadian public sector accounting standards (PSAS), including accounting standards that apply only to not-for-profit organizations, as issued by the Canadian Accounting Standards Board.

3 Significant accounting policies

a) Fund accounting

The accounts of the gallery 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 Trustees. Transfers between the funds are made when approved by the Board. For financial reporting purposes, there are two funds, as follows:

- i) the Operating Fund includes the day-to-day operating transactions of the gallery's activities; and
- ii) the Permanent Collection Fund comprises of funding for the acquisition of works of art.

b) Cash and cash equivalents

Cash and cash equivalents consist 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.

Saskatoon Gallery and Conservatory Corporation

Notes to Financial Statements

December 31, 2018

c) Permanent collection

Purchased and donated art are 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 and less are recorded at estimated market values as approved by the Executive Director. Purchased items are included at cost. The permanent collection is assigned a nominal value of \$1 for financial position purposes.

4 Related party transactions

Art Gallery of Saskatchewan Inc.

During 2018, all of the residual funds in the Gallery's bank account were transferred to the Art Gallery of Saskatchewan Inc. in accordance with the approval of the Board of Trustees.

5 Tangible capital assets

Upon transitioning to the Remail Modern Art Gallery of Saskatchewan in 2017, the residual tangible capital assets were distributed to the City of Saskatoon.

6 Membership units

Membership units were issued upon inception, all of which are held by the City of Saskatoon. There were 62 units outstanding at December 31, 2018 (2017 – 62).

7 Permanent collection

The collection consists of approximately 7,504 (2017 – 7,504) works of art.

Once the Remail Modern Art Gallery is granted Category A status by Heritage Canada, the Mendel permanent collection will be distributed to Remail Modern Art Gallery.