

**SASKATCHEWAN CHORAL FEDERATION INC.**

**Financial Statements**

**Year Ended June 30, 2020**

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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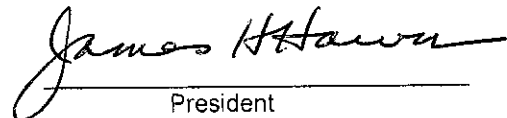
The financial statements of Saskatchewan Choral Federation Inc. have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of Saskatchewan Choral Federation Inc.'s reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Board of Directors is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board meets periodically with management and the members' auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, the Board approves the financial statements and considers, for review and approval by the members, the engagement or re-appointment of the external auditors.

The financial statements have been audited on behalf of the members by MWC Chartered Professional Accountants LLP, in accordance with Canadian generally accepted auditing standards.

  
Executive Director

  
President

Regina, SK  
September 28, 2020



Chartered Professional  
Accountants LLP

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Saskatchewan Choral Federation Inc.

### Qualified Opinion

We have audited the financial statements of Saskatchewan Choral Federation Inc. (the Federation), which comprise the statement of financial position as at June 30, 2020, and the statements of operations, changes in net 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, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Federation as at June 30, 2020 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Basis for Qualified Opinion

In common with many charitable organizations, the Federation is unable to economically implement controls that will offer assurance on the completeness of donations, library services fees, and concert sales, and we are unable to satisfy ourselves on amounts reported using other procedures. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Federation and we were not able to determine whether any adjustments might be necessary to donations, library service fees, concert sales, excess of revenues (expenses) and cash flows from operations for the years ended June 30, 2020 and 2019, current assets and net assets as at June 30, 2020 and 2019.

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 Federation 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit 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 Federation's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Federation or to cease operations, or has no realistic alternative but to do so.

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*An asset to our clients, not an expense*

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Those charged with governance are responsible for overseeing the Federation'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 Federation'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 Federation'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 Federation 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.

*MWCLLP*

Chartered Professional Accountants

Regina, Saskatchewan  
September 28, 2020

# SASKATCHEWAN CHORAL FEDERATION INC.

## Statement of Financial Position

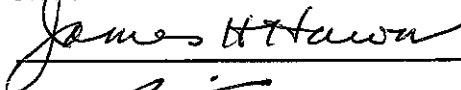
June 30, 2020


	2020	2019
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 70,783	\$ 47,563
Accounts receivable	142	499
Goods and services tax recoverable	693	751
Prepaid expenses	811	1,236
	<u>72,429</u>	<u>50,049</u>
<b>CAPITAL ASSETS (Note 4)</b>	<u>6,358</u>	<u>6,415</u>
	<u>\$ 78,787</u>	<u>\$ 56,464</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable	\$ 4,138	\$ 1,916
Vacation payable	6,572	2,945
Deferred revenue (Note 5)	2,321	1,465
	<u>13,031</u>	<u>6,326</u>
<b>NET ASSETS</b>		
General fund	59,544	43,517
Restricted fund	6,212	6,621
	<u>65,756</u>	<u>50,138</u>
	<u>\$ 78,787</u>	<u>\$ 56,464</u>

COMMITMENTS (Note 6)

CONTINGENT FUNDING LIABILITY (Note 7)

ON BEHALF OF THE BOARD

 Director

 Director

See notes to financial statements

# SASKATCHEWAN CHORAL FEDERATION INC.

## Statement of Operations

Year Ended June 30, 2020

	2020	2019
<b>REVENUES</b>		
Saskatchewan Lotteries Trust Fund	\$ 206,000	\$ 206,000
Saskatchewan Lotteries Trust Fund - repayment ( <i>Note 7</i> )	(11,159)	-
Donations	350	244
Membership fees	4,310	3,535
Other recoveries	202	344
Programs ( <i>Schedule 1</i> )	25,655	37,012
DreamBroker ( <i>Schedule 3</i> )	-	71,602
	<u>225,358</u>	<u>318,737</u>
<b>EXPENSES</b>		
Programs ( <i>Schedule 1</i> )	74,336	78,691
Administration ( <i>Schedule 2</i> )	134,995	113,113
DreamBroker ( <i>Schedule 3</i> )	409	69,439
	<u>209,740</u>	<u>261,243</u>
<b>EXCESS OF REVENUES (EXPENSES)</b>	<u>\$ 15,618</u>	<u>\$ 57,494</u>

## Statement of Changes in Net Assets

Year Ended June 30, 2020

	General Fund	Restricted Fund	2020	2019
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 43,517	\$ 6,621	\$ 50,138	\$ (7,356)
<b>EXCESS OF REVENUES (EXPENSES)</b>	<u>16,027</u>	<u>(409)</u>	<u>15,618</u>	<u>57,494</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 59,544</u>	<u>\$ 6,212</u>	<u>\$ 65,756</u>	<u>\$ 50,138</u>

See notes to financial statements

# SASKATCHEWAN CHORAL FEDERATION INC.

## Statement of Cash Flows

Year Ended June 30, 2020

	2020	2019
<b>OPERATING ACTIVITIES</b>		
Excess of revenues (expenses)	\$ 15,618	\$ 57,494
Item not affecting cash:		
Amortization of capital assets	<u>2,622</u>	1,767
	<u>18,240</u>	<u>59,261</u>
Changes in non-cash working capital:		
Accounts receivable	357	3,421
Accounts payable	2,222	(3,349)
Deferred revenue	856	(168,173)
Prepaid expenses	425	2,376
Goods and services tax recoverable	58	160
Vacation payable	<u>3,627</u>	<u>792</u>
	<u>7,545</u>	<u>(164,773)</u>
Cash flow from (used by) operating activities	<u>25,785</u>	<u>(105,512)</u>
<b>INVESTING ACTIVITY</b>		
Additions to capital assets	<u>(2,565)</u>	<u>(2,256)</u>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<u>23,220</u>	<u>(107,768)</u>
<b>CASH - BEGINNING OF YEAR</b>	<u>47,563</u>	<u>155,331</u>
<b>CASH - END OF YEAR</b>	<u>\$ 70,783</u>	<u>\$ 47,563</u>

See notes to financial statements

# SASKATCHEWAN CHORAL FEDERATION INC.

## Notes to Financial Statements

Year Ended June 30, 2020

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### 1. NATURE OF OPERATIONS

The Saskatchewan Choral Federation promotes and assists in the elevation and enhancement of the state of choral music in the Province of Saskatchewan. The Federation is a registered charity and is exempt from income taxes.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPPO).

#### Fund accounting

Saskatchewan Choral Federation Inc. follows the deferral method of accounting for contributions and uses fund accounting.

**General Fund:** The general fund reports the revenues and expenses related to program delivery and administrative activities of the Federation.

**Restricted Fund:** The restricted fund is internally restricted and reflects the operations of a summer music camp program (Dream Brokers) for marginalized youth which was administered by the Saskatchewan Choral Federation on behalf of the four program partners (the Saskatchewan Band Association, the Saskatchewan Choral Federation, the Saskatchewan Music Educators Association and the Saskatchewan Orchestral Association) to the end of the 2019 fiscal year.

In the 2020 fiscal year the Dream Brokers program was to be administered by one of the other partners but did not proceed due to Covid-19. Once the program resumes the remaining funds will be paid to the designated program partner.

#### Revenue recognition

Contributions include grants, sponsorships and donations. Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Restricted contributions are recognized as revenue in the year the related expenses are incurred which includes contributed assets, where the revenue is recognized over the same period the asset is amortized.

Membership revenue is recorded in the year of membership. All other revenues, including sales, fundraising, registrations, fees and rental are recorded when the event or service is provided.

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# SASKATCHEWAN CHORAL FEDERATION INC.

## Notes to Financial Statements

Year Ended June 30, 2020

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Financial assets including cash and accounts receivable are reported at amortized cost.

Financial liabilities including accounts payable and accrued liabilities are measured at amortized cost.

#### Capital assets

Capital assets are stated at cost less accumulated amortization and are amortized over their estimated useful lives at the following rates and methods:

Computer equipment	3 years	straight-line method
Furniture and fixtures	10 years	straight-line method
Leasehold improvements	3 years	straight-line method

A full year of amortization is taken in the year of addition.

The Federation regularly reviews its capital assets to eliminate obsolete items.

### 3. ECONOMIC DEPENDENCE

The Federation's primary funding is from Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation (Sask Lotteries Trust Fund) and the continual operations of the Federation is dependent on the ongoing grants from Sask Lotteries Trust Fund.

### 4. CAPITAL ASSETS

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Computer equipment	\$ 4,821	\$ 2,359	\$ 2,462	\$ 1,504
Furniture and fixtures	10,152	6,256	3,896	4,911
Leasehold improvements	44,994	44,994	-	-
	<u>\$ 59,967</u>	<u>\$ 53,609</u>	<u>\$ 6,358</u>	<u>\$ 6,415</u>

# SASKATCHEWAN CHORAL FEDERATION INC.

## Notes to Financial Statements

Year Ended June 30, 2020

### 5. DEFERRED REVENUE

	2020	2019
National Youth Choir fund donations	\$ 1,100	\$ -
Unamortized portion of contributed assets	1,221	1,465
	<u>\$ 2,321</u>	<u>\$ 1,465</u>

### 6. COMMITMENTS

The Federation has commitments related to the rental of premises that expires on May 1, 2023. Under the lease, the Federation is required to pay a base rent of \$4,100 per month and the landlord pays utilities and property taxes. When the lease renewal expires, only the landlord can extend the term of the lease.

2021	\$ 49,200
2022	49,200
2023	41,000

### 7. CONTINGENT FUNDING LIABILITY

The Federation receives grant funding which is subject to review by the funding agent subsequent to the year end, and based on the funding agent's review the Federation may be required to repay granted amounts. Any required repayment is recorded in the year it is made known to the Federation and no provision is recorded in the financial statements as an estimate of possible repayment cannot be reasonably determined.

Based on Saskatchewan Lotteries review of the 2018-19 fiscal year \$11,159 of funding was required to be returned.

### 8. COST ALLOCATIONS

The cost of rental of premises has been allocated based on management's estimated usage of the facilities as follows:

	2020	2019
Programs	\$ 21,086	\$ 21,086
Library	21,086	21,086
Administration	7,028	7,028
	<u>\$ 49,200</u>	<u>\$ 49,200</u>

# SASKATCHEWAN CHORAL FEDERATION INC.

## Notes to Financial Statements

Year Ended June 30, 2020

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### 9. FINANCIAL INSTRUMENTS

The Federation is exposed to various risks through its financial instruments and management is responsible to monitor, evaluate and manage these risks. The following analysis provides information about the Federation's risk exposure and concentration as of June 30, 2020.

#### Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. Due to the limited nature of trade activity of the Federation, the exposure to credit risk is considered to be minimal.

#### Liquidity risk

Liquidity risk is the risk that an entity will not be able to meet a demand for cash or fund its obligations as they come due. Liquidity risk also includes the risk of the Federation not being able to liquidate assets in a timely manner at a reasonable price. The Federation is exposed to this risk mainly in respect of funds received in advance of providing the service.

### 10. UNCERTAINTY OF IMPACT OF COVID-19

In January 2020 the Federal Government of Canada began initiatives to reduce the transmission of a world-wide outbreak of a new strain of novel coronavirus (Covid-19). Measures to offset the pandemic included the mandatory closure of certain businesses and operations, and as a result, the Canadian economy moved into a downturn.

The Federation cancelled programming as a result of the pandemic and as a consequence did not receive related funding which was offset by a reduction in programming costs. It is not possible to determine the full extent the impact will have on the members, participants, staffing or suppliers of the Federation but no significant financial loss has been incurred as of the audit report date.

# SASKATCHEWAN CHORAL FEDERATION INC.

## Programs

(Schedule 1)

Year Ended June 30, 2020

	2020	2019
<b>REVENUES</b>		
Camp - sponsorships	\$ 2,500	\$ 3,582
ChorFest - registrations	3,200	3,400
ChorFest - donations	-	3,585
Library service fees	1,306	2,055
Recognition award fees	-	114
Rental fees	6,213	8,171
Sask Youth Choir - donation and concert sales	1,250	2,286
Sask Youth Choir - registration	10,346	13,219
Workshops	840	600
	<u>25,655</u>	<u>37,012</u>
<b>EXPENSES</b>		
Library	22,421	22,007
Rental	21,086	21,086
Saskatchewan Youth Choir	11,574	12,454
ChorFest	7,495	9,611
Camps	5,342	9,193
Grants	2,800	2,800
Workshops	1,100	1,050
Miscellaneous	1,000	24
Recognition Program	808	442
Choral Canada	598	24
Mentorship and consultation	112	-
	<u>74,336</u>	<u>78,691</u>
<b>EXCESS OF REVENUES (EXPENSES) FROM PROGRAMS</b>	<u>\$ (48,681)</u>	<u>\$ (41,679)</u>

See notes to financial statements

# SASKATCHEWAN CHORAL FEDERATION INC.

Administration

(Schedule 2)

Year Ended June 30, 2020

	2020	2019
<b>EXPENSES</b>		
Salaries and benefits	\$ 103,412	\$ 72,729
Rental	8,053	8,167
Professional fees	7,985	5,389
Service contracts	2,780	2,426
Amortization	2,622	1,767
Travel and meetings	2,544	12,125
Office	1,774	3,780
Telephone	1,722	1,997
Supplies	1,283	2,019
Bad debts	1,258	131
Advertising and promotion	692	512
Interest and bank charges	493	374
Memberships	377	1,648
Member communications	-	49
	<u>\$ 134,995</u>	<u>\$ 113,113</u>

See notes to financial statements

# SASKATCHEWAN CHORAL FEDERATION INC.

DreamBroker

(Schedule 3)

Year Ended June 30, 2020

	2020	2019
<b>REVENUES</b>		
Saskatchewan Lotteries Trust Fund	\$ -	\$ 50,000
Sponsorships	-	5,200
Summer student grant	-	8,402
Community Initiatives Fund	-	8,000
	-	71,602
<b>EXPENSES</b>		
Contract Staff - North Battleford	409	5,850
Contract Staff - Yorkton	-	5,850
Contract staff - Prince Albert	-	6,000
Contract staff - Regina	-	6,202
Contract staff - Saskatoon	-	5,850
Coordination	-	17,043
Equipment	-	660
Meals and snacks	-	3,684
Supplies	-	4,564
Transportation	-	2,737
Travel and accommodation - North Battleford	-	3,097
Travel and accommodation - Prince Albert	-	2,694
Travel and accommodation - Saskatoon	-	2,705
Travel and accommodation - Yorkton	-	2,503
	409	69,439
<b>EXCESS OF REVENUES (EXPENSES) FROM DREAMBROKER</b>	<b>\$ (409)</b>	<b>\$ 2,163</b>

See notes to financial statements