

Art Gallery of Regina Inc.

Financial Statements

March 31, 2021

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Review Engagement Report

To the Members of Art Gallery of Regina Inc.

We have reviewed the accompanying financial statements of Art Gallery of Regina Inc. that comprise the statement of financial position as at March 31, 2021, and the Statements of operations, changes in net assets and cash flows 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 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Art Gallery of Regina Inc. as at March 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

Other Matter

The financial statements for the year ended March 30, 2020 were audited by the same practitioner who expressed an unmodified opinion on May 6, 2020.

Priority Accountants CPA

Priority Accounting Services CPA Prof. Corp.
Chartered Accountants

Regina, SK

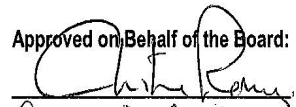
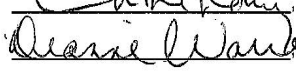
Art Gallery of Regina Inc.

Statement of Financial Position

As At March 31, 2021

	2021	2020
Assets		
Current Assets		
Petty cash	\$ 202	\$ 202
Cash in banks	53,790	122,762
Restricted cash - capital	7,200	8,129
Restricted cash - succession	10,799	10,780
Total Current Assets	71,991	141,873
Total Assets	\$ 71,991	\$ 141,873
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 333	\$ -
Deferred revenue (Note 8.)	-	92,553
Total Current Liabilities	333	92,553
Net Assets		
Net assets - unrestricted	53,659	30,411
Net assets - reserve for capital expenditures	7,200	8,129
Net assets - succession fund	10,799	10,780
Total Net Assets	71,658	49,320
Total Liabilities and Net Assets	\$ 71,991	\$ 141,873

Approved on Behalf of the Board:

 Cheryl Remy July 22, 2021
 Deanne Warden July 28/21

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

Art Gallery of Regina Inc.

Statement of Operations

For the Year Ended March 31, 2021

	2021	2020
Revenue		
Membership income	\$ 23,864	\$ 12,633
Art sales	10,263	8,892
Interest and GST rebates	928	1,216
Other income	16,496	14,792
Program and classes	3,900	14,519
Sponsorship	1,500	-
Grant revenue		
City of Regina Community Partnership Operating Grant	82,000	82,000
Saskatchewan Arts Board - PAOP	45,580	45,580
Project Grants - SaskCulture/Saskatchewan Lotteries	7,000	743
Federal Grants	21,885	-
Total revenue	213,416	180,375
Operating expenses		
Office/Administration	13,407	14,874
Salaries & benefits	112,419	103,644
Facility	13,418	13,937
Equipment	2,094	1,706
Marketing/Promotion	14,497	9,550
Programming	25,897	26,996
Fundraising expenses	6,188	8,142
Exhibition expenses	3,158	-
Total operating expenses	191,078	178,849
Excess of revenue over expenses	\$ 22,338	\$ 1,526

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

Art Gallery of Regina Inc.

Statement of Changes in Net Assets

For the Year Ended March 31, 2021

	Unrestricted	Capital replacement	Succession planning	2021	2020
Net assets - beginning of year	\$ 30,411	\$ 8,129	\$ 10,780	\$ 49,320	\$ 47,795
Excess (deficiency) of revenue over expenses	22,338	-	-	22,338	1,525
Increase in capital contribution	929	(929)	-	-	-
Increase in succession planning	(19)	-	19	-	-
Net assets, end of year	\$ 53,659	\$ 7,200	\$ 10,799	\$ 71,658	\$ 49,320

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

Art Gallery of Regina Inc.

Statement of Cash Flows

For the Year Ended March 31, 2021

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess (deficiency) of revenue over expenses	\$ 22,338	\$ 1,525
Changes in Deferred Revenue	(92,554)	(609)
Changes in Accounts Payable	333	-
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES	(69,883)	916
CASH FLOWS FROM INVESTING ACTIVITIES:		
CASH FLOWS FROM FINANCING ACTIVITIES:		
OTHER ACTIVITIES:		
Net cash increase (decreases) in cash and cash equivalents	(69,883)	916
Cash and cash equivalents at beginning of period	141,874	140,957
Cash and cash equivalents at end of period	\$ 71,991	\$ 141,873
Cash and cash equivalents consist of the following:		
Petty cash	\$ 202	\$ 202
Cash in banks	53,790	122,762
Restricted cash - capital	7,200	8,129
Restricted cash - succession	10,799	10,780
	\$ 71,991	\$ 141,873

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

Art Gallery of Regina Inc.

Notes to the Financial Statements

For the Year Ended March 31, 2021

1. Nature of entity

Art Gallery of Regina Inc. was initially incorporated as Rosemont Art Gallery Society Inc. on September 24, 1976, under the provisions of *The Societies Act* and was continued under the provisions of *The Non-profit Corporations Act of Saskatchewan, 1995*. Effective May 17, 2005, the gallery changed its name to Art Gallery of Regina Inc. The gallery is a registered charity, as such, is exempt from income taxes under Section 149 of the Income Tax Act, Canada.

The objectives of the Gallery are:

a) to operate a public art gallery for the benefit of Regina and Saskatchewan citizens; and b) to promote the development and appreciation of visual art through art exhibits and public educational programming.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations using the following significant accounting policies;

a. Revenue recognition

The gallery follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collections is reasonably assured.

Membership revenue is recognized in operations in the period to which they apply.

Investment income and other revenue is recognized in operations when earned.

Sales revenue is recognized in accordance with industry practice which is when all the risks and benefits of ownership of products have been transferred to customers under executed sales agreements.

b. Cash and cash equivalents

Cash and cash equivalents includes short-term investments and highly liquid investments in money market instruments which are carried at the lower of cost and market value with a maturity date of three months or less from the acquisition date. These are valued at cost which approximates market value.

c. Capital assets

The gallery treats the cost of capital asset purchases as an expense in the year that the asset is purchased. No provision for amortization is included in these financial statements.

Art Gallery of Regina Inc.

Notes to the Financial Statements

For the Year Ended March 31, 2021

2. Significant Accounting Policies

d. Deferred revenue

Membership revenue represents annual membership fees paid by the gallery's members, grant, sponsorship and art sales received in advance. The gallery recognizes membership fee ratably over the term of the membership and any unearned portion is included in deferred revenue. The gallery recognizes grants, sponsorship and art sales when all recognition stipulations are met.

e. Financial instruments

i. Not subject to interest, currency or credit risk

Unless otherwise noted, it is management's opinion that the gallery is not exposed to significant interest rate, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values.

ii. No significant exposure to foreign currency exchange risk

The gallery does business in a foreign country). At March 31, 2021 the gallery did not have significant exposure to foreign currency exchange risk.

iii. No significant risk due to short-term maturity

The gallery is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets and current liabilities.

f. Use of 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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and may have impact on future periods.

g. Economic dependence

Approximately 74% (2020 - 62%) of the gallery's sales are made from external contributions. The loss of a material amount of contributions could have a material adverse effect on operations. The gallery is dependent upon the continuance of these contributions to maintain operations at their current level.

Art Gallery of Regina Inc.

Notes to the Financial Statements

For the Year Ended March 31, 2021

3. Property, plant and equipment

a. Accounts by period

The Gallery records the cost of capital assets as an expense in the period of acquisition. In addition, to maintain accountability for the capital assets the Gallery maintains a listing of its capital assets including the original cost of the asset. Annually, management review the asset listing and adjust the record of capital assets for the cost of the assets deemed to be obsolete.

	2021	2020
Office equipment	\$ 14,210	\$ 17,670
Gallery equipment	12,154	13,124
Total cost	26,364	30,794
Total expensed	\$ (26,364)	\$ (30,794)

4. Art collection

The Gallery maintains a permanent collection of visual and audio visual materials relevant to its mandate. The collection is not recognized in the statement of financial position and has an estimated appraised value of \$93,300. During the year there were no significant changes in the Gallery's collection. The Gallery carries an insurance policy on its permanent collection in the amount of \$50,000.

5. Internally restricted net assets

The gallery's Board of Directors internally restricted the following amounts from unrestricted net assets. The amounts are not available for other purposes without the approval of the Board of Directors.

Capital Replacement Reserve

During the 2015 fiscal year the Gallery undertook a capital campaign designed to raise funds to assist the Gallery with the acquisition of capital assets. At the time of undertaking this campaign, the Board of Directors agreed to internally restrict the use of the capital campaign funds and defer recognition of these funds as revenue until the year in which the Gallery spends funds on capital assets and replacements.

Succession Planning Reserve

The Gallery received funds specifically designated to defray the cost of transition. The Gallery spent some the funds and then established a restricted Succession Fund reserved for future succession expenses.

Art Gallery of Regina Inc.

Notes to the Financial Statements

For the Year Ended March 31, 2021

6. Grants - Saskatchewan Arts Board

The amount reported in these financial statements as grant revenue from the Saskatchewan Arts Board is made up of a combination of Lottery and non-Lottery funding. This is made possible through the Partnership Agreement between the Saskatchewan Arts Board and SaskCulture Inc., which is the Trustee for the Culture Section of Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation. Under the terms of this agreement for the applicable period, SaskCulture allocated a specified amount of Lottery funds to the Saskatchewan Arts Board as a portion of the total envelope of funds available for the program(s) through which this grant was adjudicated and approved.

7. Commitments

Art Gallery of Regina Inc. operates under a 5 year renewable lease which expires March 31, 2026. The gallery is still waiting for approval of its renewal of lease with City of Regina with a minimum base rent of \$ 1 and the gallery's proportionate share of the annual operating costs of \$13,000.00 plus GST per year.

8. Deferred revenue

The details of grants received are as follows:

	2021	2020
Funds in advance - Deferred revenue	\$ -	\$ 5,534
Funds in advance - Art sales	-	2,019
Funds in advance - City of Regina	-	82,000
Funds in advance - Sponsorships	-	3,000
Deferred revenue, end of period	\$ -	\$ 92,553

9. Risk management

Exposure to credit risk, interest rate risk and liquidity risk arise in the normal course of the Gallery's operations.

a. Credit risk

Credit risk refers to the risk that a company may default on its contractual obligations resulting in a financial loss.

The Gallery's principal asset is cash. The carrying amounts of financial assets in the statement of financial position represent the Gallery's maximum credit exposure at the balance sheet date. The Gallery does not have significant exposure to any individual customer and has not incurred any significant bad debts during the year. Dealing with institutions that have strong credit ratings minimizes credit risk related to cash.

Art Gallery of Regina Inc.

Notes to the Financial Statements

For the Year Ended March 31, 2021

9. Risk management

b. Liquidity risk

Liquidity risk is the risk that the Gallery 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 Gallery not being able to liquidate assets in a timely manner at a reasonable price.

The Gallery monitors its cash flow throughout the year to ensure its billing practices take into account the timing and level of its cash obligations. The Gallery has sufficient funds from which to operate and this risk is considered to be low.

10. COVID-19

The Coronavirus declared a pandemic by the World Health Organization on March 11, 2020. This has resulted in significant economic uncertainty and the Gallery is monitoring its operations and assessing the impact COVID-19 will have on its activities. It is difficult to reliably measure the potential impact of this uncertainty.