

Saskatchewan Sports Hall of Fame and Museum Inc.

Financial Statements

For the year ended March 31, 2019

Management's Responsibility for the Financial Statements

The accompanying financial statements of Saskatchewan Sports Hall of Fame and Museum Inc. have been prepared by the organization's management in accordance with Canadian accounting standards for not-for-profit organizations and necessarily include some amounts based on informed judgement and management estimates.

To assist management in fulfilling its responsibilities, a system of internal controls has been established to provide reasonable assurance that the financial statements are accurate and reliable and that assets are safeguarded.

The board of directors has reviewed and approved these financial statements.

These financial statements have been examined by the independent auditors, Virtus Group LLP, and their report is presented separately.


Executive Director

INDEPENDENT AUDITORS' REPORT

**To the Board of Directors
Saskatchewan Sports Hall of Fame and Museum Inc.**

Qualified Opinion

We have audited the financial statements of the Saskatchewan Sports Hall of Fame and Museum Inc. (the "Organization"), which comprise the statement of financial position as at March 31, 2019, and the statements of operations, changes in net financial 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 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 Organization as at March 31, 2019, and its financial performance and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

In common with many non-profit organizations, the Organization derives revenues from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of revenue was limited to accounting for amounts recorded in the records of the Organization. As a result, we were not able to determine whether any adjustments might be necessary in respect of revenues, assets, liabilities or net assets.

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 Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Saskatchewan, 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.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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.

INDEPENDENT AUDITORS' REPORT *continued*

In preparing the financial statements, management is responsible for assessing the Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 Organization'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 Organization'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 Organization 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 significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

May 13, 2019
Regina, Saskatchewan

Chartered Professional Accountants

SASKATCHEWAN SPORTS HALL OF FAME AND MUSEUM INC.

Statement of Financial Position
As at March 31, 2019 with comparative figures for 2018

	<u>2019</u>	<u>2018</u>
Assets		
Current Assets		
Cash	\$ 174,107	\$ 85,292
GST receivable	4,620	4,972
Accounts receivable	2,000	-
Prepaid expenses	10,676	9,285
	<u>191,403</u>	<u>99,549</u>
Tangible capital assets (Note 4)	32,611	48,916
Life insurance cash surrender value (Note 3)	78,274	74,699
Investment In Sport Legacy Fund (Note 3)	44,958	37,295
	<u>\$ 347,246</u>	<u>\$ 260,459</u>
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 7,547	\$ 7,258
Accounts payable - sport history	28,478	22,228
Deferred revenue (Note 5)	123,232	111,994
	<u>159,257</u>	<u>141,480</u>
Net Assets		
Restricted surplus (Note 6)	118,979	118,979
Unrestricted surplus	69,010	-
	<u>187,989</u>	<u>118,979</u>
	<u>\$ 347,246</u>	<u>\$ 260,459</u>

See the accompanying notes to the financial statements

APPROVED ON BEHALF OF THE BOARD

 Director

 Director

SASKATCHEWAN SPORTS HALL OF FAME AND MUSEUM INC.

Statement of Changes in Net Assets
For the year ended March 31, 2019 with comparative figures for 2018

	Restricted surplus	Unrestricted surplus	Total 2019	Total 2018
Balance, beginning of year	\$ 118,979	\$ -	\$ 118,979	\$ 168,416
(Deficiency) of revenue over expenses for the year	-	69,010	69,010	(49,437)
Inter-fund transfer	-	-	-	-
Balance, end of year	\$ 118,979	\$ 69,010	\$ 187,989	\$ 118,979

See the accompanying notes to the financial statements

SASKATCHEWAN SPORTS HALL OF FAME AND MUSEUM INC.

Statement of Operations
For the year ended March 31, 2019 with comparative figures for 2018

	<u>2019</u>	<u>2018</u>
Revenue		
Saskatchewan Lotteries Trust Fund categorical grants		
Annual operating grant	\$ 380,800	\$ 369,700
Membership Assistance Program	45,600	43,900
Sport history (Schedule 5)	25,000	25,000
Induction	49,487	55,934
Memberships	14,965	14,893
Self help (Schedule 1)	173,311	91,775
	<u>689,163</u>	<u>601,202</u>
Expenses		
Administration (Schedule 2)	193,489	192,731
Fundraising (Schedule 3)	8,903	5,541
MAP grants (Note 10)	45,600	43,900
Programming (Schedule 4)	90,473	136,203
Salaries and benefits	256,689	247,264
Sports history (Schedule 5)	25,000	25,000
	<u>620,154</u>	<u>650,639</u>
Excess (Deficiency) of revenue over expenses for the year	<u>\$ 69,010</u>	<u>\$ (49,437)</u>

See the accompanying notes to the financial statements

SASKATCHEWAN SPORTS HALL OF FAME AND MUSEUM INC.

Statement of Cash Flows
For the year ended March 31, 2019 with comparative figures for 2018

	<u>2019</u>	<u>2018</u>
Cash provided by (used in):		
Operating activities:		
Excess (Deficiency) of revenue over expenses for the year	\$ 69,010	\$ (49,437)
Items not involving cash:		
Amortization	16,305	16,305
Changes to non-cash working capital items:		
GST receivable	352	2,660
Accounts receivable	(2,000)	490
Prepaid expenses	(1,391)	3,261
Accounts payable and accrued liabilities	6,539	1,574
Deferred revenue	11,238	15,293
	<u>100,053</u>	<u>(9,854)</u>
Investing activities:		
Purchase of tangible capital assets	-	-
Net increase in investments	<u>(11,238)</u>	<u>(15,293)</u>
(Decrease) increase in cash during the year	88,815	(25,147)
Cash - beginning of the year	<u>85,292</u>	<u>110,439</u>
Cash - end of the year	<u>\$ 174,107</u>	<u>\$ 85,292</u>

See the accompanying notes to the financial statements

SEE NOTES TO FINANCIAL STATEMENTS

SASKATCHEWAN SPORTS HALL OF FAME AND MUSEUM INC.

Notes to the Financial Statements
For the year ended March 31, 2019 with comparative figures for 2018

1. Purpose of the organization

The Saskatchewan Sports Hall of Fame and Museum Inc. (the "organization") is incorporated under The Non-Profit organizations Act of Saskatchewan. The Saskatchewan Sports Hall of Fame and Museum Inc. is the provincial body whose mandate is to promote the contribution of sport by recognizing sport excellence and by displaying and preserving sport history.

2. Significant accounting policies

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations, the most significant of which are outlined below.

Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles 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 reporting period. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the year in which they become known.

Tangible capital assets

Tangible capital assets are stated at cost. Assets with a value less than \$5,000 are expensed in the year of acquisition; assets valued at \$5,000 or more are amortized over their estimated useful lives using the straight-line method.

Trailer	5 years
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Revenue recognition

The organization follows the deferral method of accounting for contributions and grants. Memberships, donations and sponsorships are recorded as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured. Interest is recorded in the period earned. Membership Assistance Program grants received by the organization are remitted to local Sports Halls of Fame during the course of the year. Operating and other grants are recognized as revenue as they are earned. Grants for specific projects are recognized concurrent with project expenses. Induction dinner revenue is recognized in the period the dinner is held.

Souvenirs and books

The organization maintains a supply of promotional books, pins, and souvenirs. The cost of these items is charged to operations in the year of purchase and revenues are recorded as received.

SASKATCHEWAN SPORTS HALL OF FAME AND MUSEUM INC.

Notes to the Financial Statements
For the year ended March 31, 2019 with comparative figures for 2018

2. Significant accounting policies (continued)

Artifacts

The collection of artifacts in the Sport Hall of Fame and Museum Inc. is not reflected as an asset on the statements of financial position, however, insurance coverage is maintained to cover the replacement value of these items.

Financial instruments

Financial assets and financial liabilities are recorded on the statement of financial position when the organization becomes party to the contractual provisions of the financial instrument. All financial instruments are required to be recognized at fair value upon initial recognition, except for certain related party transactions. Measurement in the subsequent years of equity instruments is at fair value. All other financial assets and financial liabilities are subsequently measured at amortized cost adjusted by transactions costs, which are amortized over the expected life of the instrument.

Fair value is an amount at which a financial instrument could be exchanged at arm's length between willing, unrelated parties in an open market. Changes in fair values of financial assets and financial liabilities measured at fair value are recognized in excess of revenue over expenses. When there is an indication of impairment the carrying amount of financial assets measured at amortized cost may be reduced. Such impairments can be subsequently reversed if the value improves.

3. Investments

	<u>2019</u>	<u>2018</u>
Life insurance cash surrender value - Great West Life	\$ 78,274	\$ 74,699
Sport Legacy Fund	44,958	37,295
	<u>\$ 123,232</u>	<u>\$ 111,994</u>
Market Value	<u>\$ 123,232</u>	<u>\$ 111,994</u>

The investment in the Sport Legacy Fund and the related deferred revenue (Note 5) consists of donations based on various programs and contributions by Sask Sport Inc. To qualify for the additional contribution by Sask Sport Inc., the organization is required to leave the original amount and additional donations in the Legacy Fund for a minimum of five years.

4 Tangible capital assets

Tangible capital assets are comprised of a trailer and travelling exhibit with a purchase cost of \$81,526 and accumulated amortization of \$48,916 for a net book value of \$32,611 at March 31, 2019 (2018 - \$48,916).

SASKATCHEWAN SPORTS HALL OF FAME AND MUSEUM INC.

Notes to the Financial Statements
For the year ended March 31, 2019 with comparative figures for 2018

5. Deferred revenue

Deferred revenue consists of the following:

	<u>2019</u>	<u>2018</u>
Life Insurance Cash Surrender Value - Great West Life	\$ 78,274	74,699
Sport Legacy Fund	44,958	37,295
	<u>\$ 123,232</u>	<u>\$ 111,994</u>

6. Restricted surplus

The Board of Directors have designated funds as a reserve against possible future decreases in revenues to be able to continue services until additional funds can be arranged.

7. Economic dependence

Saskatchewan Sports Hall of Fame and Museum Inc. currently receives significant revenue in grants from Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation. As a result, the organization is dependant upon the continuance of these grants to maintain operations at their current level.

8. Donated services

The work of the organization is dependent on the voluntary services of many members. Since these services are not normally purchased by the organization and because of the difficulty of determining their fair value, donated services are not recognized in these financial statements.

9. Income tax status

The organization is exempt from income tax under section 149(1)(l) of the *Income Tax Act* as a non-profit organization.

SASKATCHEWAN SPORTS HALL OF FAME AND MUSEUM INC.

Notes to the Financial Statements
For the year ended March 31, 2019 with comparative figures for 2018

10. MAP grants

During the year, the organization allocated the following Membership Assistance Program (MAP) grants:

	<u>2019</u>		<u>2018</u>
Humboldt and District Sports Hall of Fame	\$ 2,985	\$	2,879
International Sports Heritage Association	2,149		2,218
Moose Jaw & District Sports Hall of Fame	3,350		3,295
North Battleford Sports Museum and Hall of Fame	4,910		7,100
Prince Albert Sports Hall of Fame	5,100		5,125
Regina Sports Hall of Fame	2,522		2,500
Rural Sports Hall of Fame and Museum Inc., Indian Head	5,000		3,500
Saskatchewan Baseball Hall of Fame	2,508		2,500
Saskatchewan Golf Hall of Fame	3,000		2,500
Saskatchewan Hockey Hall of Fame	4,910		6,500
Saskatoon Sports Hall of Fame	3,165		2,500
Turner Curling Museum	2,500		2,500
Yorkton Sports Hall of Fame and Museum	3,500		782
	<u>\$ 45,600</u>	<u>\$</u>	<u>43,900</u>

11. Financial instruments and risk management

Fair value

The recorded value of cash, accounts receivable and account payable approximates fair value due to their short term nature.

Credit, currency, interest rate, liquidity and price risk

The organization is not subject to significant credit, currency, interest rate, liquidity, or price risk due to the short term nature of its financial instruments.

12. Comparative figures

Certain comparative figures have been reclassified to conform to the presentation in the current year.

SASKATCHEWAN SPORTS HALL OF FAME AND MUSEUM INC.

SCHEDULE OF SELF HELP REVENUES

Schedule 1

For the year ended March 31, 2019 with comparative figures for 2018

	<u>2019</u>	<u>2018</u>
Celebrating Excellence revenues	\$ -	\$ 1,110
Dinner raffle	2,053	3,065
Donations	118,011	15,165
Education donation	-	500
External fundraising	7,845	-
Grants - Community Initiatives Fund	5,000	-
Grants - other	8,131	-
Interest	2,530	949
Mobile travelling exhibit	14,412	57,846
Sports Investor Club	4,240	3,520
Travelling exhibits	11,089	9,620
	<u>\$ 173,311</u>	<u>\$ 91,775</u>

SCHEDULE OF ADMINISTRATION EXPENSES

Schedule 2

For the year ended March 31, 2019 with comparative figures for 2018

	<u>2019</u>	<u>2018</u>
Amortization	\$ 16,305	\$ 16,305
Equipment	370	3,264
GST Paid	5,670	6,006
Insurance	11,537	11,635
Meetings	15,312	11,099
Office	14,921	17,313
Photocopying	845	579
Postage	3,368	3,816
Professional fees	7,855	8,517
Rent	112,379	109,092
Telephone	4,927	5,105
	<u>\$ 193,489</u>	<u>\$ 192,731</u>

SEE NOTES TO FINANCIAL STATEMENTS

SASKATCHEWAN SPORTS HALL OF FAME AND MUSEUM INC.

Schedule of Fundraising Expenses

Schedule 3

For the year ended March 31, 2019 with comparative figures for 2018

	<u>2019</u>	<u>2018</u>
Fundraising expenses	\$ 3,347	\$ 1,021
Sports Investor Club	542	710
Sport Legacy Program	5,014	3,810
	<u>\$ 8,903</u>	<u>\$ 5,541</u>

Schedule of Programming Expenses

Schedule 4

For the year ended March 31, 2019 with comparative figures for 2018

	<u>2019</u>	<u>2018</u>
Archives and conservation	\$ 15,007	\$ 5,344
Awareness programming	2,133	1,091
Education	516	392
Gallery redevelopment	-	10,987
Induction	40,306	48,695
Marketing	9,827	8,415
Memberships and subscriptions	1,424	1,358
Mobile travelling exhibit	17,089	52,771
Newsletters	797	757
Printing	3,374	2,916
Strategic planning	-	3,477
	<u>\$ 90,473</u>	<u>\$ 136,203</u>

SEE NOTES TO FINANCIAL STATEMENTS

SASKATCHEWAN SPORTS HALL OF FAME AND MUSEUM INC.

Schedule of Sport History Project Funding

Schedule 5

For the year ended March 31, 2019 with comparative figures for 2018

	<u>2019</u>	<u>2018</u>
Revenue		
Sport History Project Grant	\$ 25,000	\$ 25,000
	<u>\$ 25,000</u>	<u>\$ 25,000</u>
Expenses		
Special Olympics Saskatchewan	\$ -	15000
University of Saskatchewan	25,000	10000
	<u>\$ 25,000</u>	<u>\$ 25,000</u>

SEE NOTES TO FINANCIAL STATEMENTS