

**FRIENDS OF THE
ROYAL SASKATCHEWAN MUSEUM INC.
Financial Statements
Year Ended March 31, 2021**

FRIENDS OF THE ROYAL SASKATCHEWAN MUSEUM INC.
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Year Ended March 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Members of Friends of the Royal Saskatchewan Museum Inc.

Qualified Opinion

We have audited the financial statements of Friends of the Royal Saskatchewan Museum Inc. (the Corporation), which 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 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 Corporation 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 not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Corporation derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Corporation. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended March 31, 2021, current assets and net assets as at March 31, 2021. Our audit opinion on the financial statements for the year ended March 31, 2020 was modified accordingly because of the possible effects of this limitation of scope.

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 Corporation 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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

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Independent Auditor's Report to the Members of Friends of the Royal Saskatchewan Museum Inc.
(continued)

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

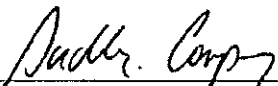
Auditor's Responsibilities for the Audit of the Financial Statements

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 Corporation'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 Corporation'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 Corporation 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.

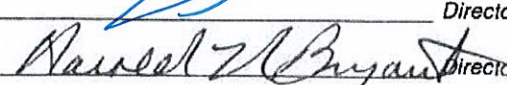
Regina, Saskatchewan
July 26, 2021


Dudley & Company LLP
Chartered Professional Accountants

FRIENDS OF THE ROYAL SASKATCHEWAN MUSEUM INC.
Statement of Financial Position
March 31, 2021

	2021	2020
ASSETS		
CURRENT		
Operating cash (Note 3)	\$ 269,888	\$ 98,292
Restricted cash (Notes 2, 3)	654,339	558,735
Accounts receivable	14,277	33,701
Government assistance receivable (Note 14)	8,377	-
Inventory (Notes 2, 4)	90,782	100,275
Prepaid expenses	3,144	6,129
	<u>1,040,807</u>	<u>797,132</u>
CAPITAL ASSETS (Notes 2, 5)	10,193	12,742
INTANGIBLE ASSETS (Note 6)	167	238
GOVERNMENT ASSISTANCE RECEIVABLE (Note 14)	<u>20,000</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 1,071,167</u>	<u>\$ 810,112</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 16,534	\$ 20,322
Deferred revenue (Notes 2, 7)	<u>138,428</u>	<u>123,693</u>
	154,962	144,015
LONG TERM DEBT (Note 9)	<u>60,000</u>	<u>-</u>
	<u>214,962</u>	<u>144,015</u>
NET ASSETS		
Unrestricted Equity - Page 5	329,936	217,434
Restricted Equity - Pages 5, 6	515,909	435,683
Capital Asset Equity - Page 5	<u>10,360</u>	<u>12,980</u>
	<u>856,205</u>	<u>666,097</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,071,167</u>	<u>\$ 810,112</u>

ON BEHALF OF THE BOARD

Director

 Director

The accompanying notes form an integral part of these financial statements

FRIENDS OF THE ROYAL SASKATCHEWAN MUSEUM INC.

**Statement of Operations
Year Ended March 31, 2021**

	Operating Funds	Restricted Funds	Capital Funds	Total 2021	Total 2020
REVENUE					
Administration revenue	\$ 55,722	\$ -	\$ -	\$ 55,722	\$ 60,206
Donations revenue	63,525	-	-	63,525	284,062
Facilities revenue	-	10,000	-	10,000	23,093
Gift shops revenue	53,128	756	-	53,884	313,849
Research revenue	110,226	6,000	-	116,226	139,541
Young Canada Works revenue	8,212	-	-	8,212	18,522
Fund development revenue	100,000	-	-	100,000	100,145
Government assistance revenue (Note 14)	110,155	-	-	110,155	-
	<u>500,968</u>	<u>16,756</u>	<u>-</u>	<u>517,724</u>	<u>939,418</u>
EXPENSES					
Administration expenses	122,812	-	2,620	125,432	184,465
Facilities expenses	-	-	-	-	20,355
Gift shops expenses	71,218	5,480	-	76,698	322,425
Research expenses	80,599	23,150	-	103,749	179,081
Young Canada Works expenses	8,212	-	-	8,212	18,522
Fund development expenses	145	-	-	145	4,212
Royal Saskatchewan Museum Expenses (Note 8)	-	13,380	-	13,380	42,400
	<u>282,986</u>	<u>42,010</u>	<u>2,620</u>	<u>327,616</u>	<u>771,460</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ 217,982</u>	<u>\$ (25,254)</u>	<u>\$ (2,620)</u>	<u>\$ 190,108</u>	<u>\$ 167,958</u>

FRIENDS OF THE ROYAL SASKATCHEWAN MUSEUM INC.
Statement of Changes in Net Assets
Year Ended March 31, 2021

	Unrestricted Equity	Restricted Equity	Capital Asset Equity	2021	2020
NET ASSETS - BEGINNING OF YEAR	\$ 217,434	\$ 435,683	\$ 12,980	\$ 666,097	\$ 498,139
Excess of revenue over expenses	217,982	(25,254)	(2,620)	190,108	167,958
Transfers between funds	(105,480)	105,480	-	-	-
NET ASSETS - END OF YEAR	\$ 329,936	\$ 515,909	\$ 10,360	\$ 856,205	\$ 666,097

The accompanying notes form an integral part of these financial statements

FRIENDS OF THE ROYAL SASKATCHEWAN MUSEUM INC.

Statement of Changes in Restricted Equity

Year Ended March 31, 2021

	Opening Balance	Allocated Surplus	Internal Transfers	2021
RESTRICTED FUNDS/RESERVES				
RSM Graduate Student Scholarship Fund	\$ 38,372	\$ (17,150)	\$ -	\$ 21,222
FRSM Capital Reserve Fund	23,333	(3,380)	-	19,953
RSM Opportunity Reserve Fund	243,447	756	100,000	344,203
RSM General Reserve Fund	126,581	-	-	126,581
RSM T. rex Centre Reserve Fund	3,950	(5,480)	5,480	3,950
	<u>\$ 435,683</u>	<u>\$ (25,254)</u>	<u>\$ 105,480</u>	<u>\$ 515,909</u>

FRIENDS OF THE ROYAL SASKATCHEWAN MUSEUM INC.
Statement of Cash Flows
Year Ended March 31, 2021

	2021	2020
CASH FLOWS FROM (FOR) OPERATING ACTIVITIES		
Cash receipts from gift shop customers	\$ 52,475	\$ 306,260
Cash receipts from grants and other sources	389,109	741,517
Cash paid to suppliers and employees	(316,163)	(1,338,356)
Cash receipts from government assistance	81,779	-
Cash Flows From (For) Operating Activities	<u>207,200</u>	<u>(290,579)</u>
CASH FLOWS FROM (FOR) INVESTING ACTIVITIES		
Purchase of capital assets	-	(6,366)
CASH FLOWS FROM (FOR) FINANCING ACTIVITIES		
Proceeds from long term debt	<u>60,000</u>	-
Net change in cash and cash equivalents during the year	267,200	(296,945)
CASH - BEGINNING OF YEAR	657,027	953,972
CASH - END OF YEAR	\$ 924,227	\$ 657,027
CASH CONSISTS OF:		
Operating cash	\$ 269,888	\$ 98,292
Restricted cash	654,339	558,735
	<u>\$ 924,227</u>	<u>\$ 657,027</u>

The accompanying notes form an integral part of these financial statements

FRIENDS OF THE ROYAL SASKATCHEWAN MUSEUM INC.

Notes to Financial Statements

Year Ended March 31, 2021

1. DESCRIPTION OF BUSINESS

Friends of the Royal Saskatchewan Museum Inc. (the "corporation", or "FRSM") is a non-profit corporation established under Saskatchewan laws to operate business and public program activities for the benefit of the Royal Saskatchewan Museum ("RSM"). The activities of the corporation are promoting the interests of the Royal Saskatchewan Museum, assisting the museum in publicizing its activities, needs, and offerings, bringing to the assistance of the museum on a voluntary basis, the talents and abilities of the public at large, and undertaking such other activities as from time to time may be deemed appropriate by the museum.

Income generated by the corporation is to be used to fund museum projects. Upon liquidation and dissolution of the corporation, the assets remaining shall be transferred to the Royal Saskatchewan Museum.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

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

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and term deposits with maturities of twelve months or less.

Inventory

Inventory is recorded at the lower of cost and estimated net realizable value.

Capital assets

Capital assets are stated at cost less accumulated amortization. Capital assets are amortized over their estimated useful lives on a declining balance basis at the following rates:

Other equipment	20%
Gift shops fixtures	20%

Revenue recognition

The corporation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable. Revenues from sales and programming are recognized when merchandise is delivered or when services are rendered and when reasonable assurance exists regarding collectability. Revenues from government subsidies are recognized in the period in which the subsidy covers and when reasonable assurance exists regarding collectability.

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FRIENDS OF THE ROYAL SASKATCHEWAN MUSEUM INC.

Notes to Financial Statements

Year Ended March 31, 2021

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

Restricted cash

Cash restricted for use towards the completion of projects and specific programs by the Royal Saskatchewan Museum and the corporation whose revenue has been deferred has been shown separately from cash available for general operations.

Fund accounting

A portion of the monies received by the FRSM may only be used for specific purposes and accordingly are accounted for in separate funds.

Unrestricted Funds consists of the following fund:

FRSM Operating Reserve Fund - is used for the general operations of the FRSM. All transactions, except those which are applicable to other funds, are recorded in the account of this fund.

Restricted Funds consist of the following funds:

RSM Graduate Student Scholarship Fund - is internally restricted to provide scholarships annually to qualified graduate students for the RSM. The FRSM will allocate surplus funds from specific projects or events, bequests or other funding opportunities. Expenditures from this fund are defined in the RSM Graduate Scholarship Terms of Reference.

FRSM Capital Reserve Fund - is internally restricted for unexpected and necessary capital expenditures that may occur from time to time. The FRSM will allocate a portion of the annual operational surpluses, if required, to ensure the fund maintains a minimum balance of \$15,000 to a maximum of \$50,000. Expenditures of this fund must be part of the annual budget or approved by the Board of Directors.

RSM Opportunity Reserve Fund - is internally restricted to provide funds to the RSM to meet special targets of opportunity or needs of the RSM. It is also intended as a source of internal funds for organizational capacity building such as staff development, research or investment in infrastructure that will build long-term capacity at the RSM. The FRSM will allocate 25% of annual operational surpluses to the fund to a maximum of \$500,000. The ED shall be the sole arbiter of what constitutes an acceptable expenditure under this fund.

RSM General Reserve Fund - is an externally restricted fund that will be used for directed donations and bequests to the RSM. All funds in this account are restricted for use by the RSM and must be used in the manner intended by the donor.

RSM T. rex Centre Reserve Fund - is an externally restricted fund intended to provide funds to the RSM to meet special targets of opportunity or need at the T. rex Discovery Centre in Eastend, SK. The RSM T. rex Centre Reserve is also intended as a source of internal funds for organizational capacity building such as staff development, research or investment in infrastructure that will build long-term capacity at the T. rex Centre. Net donations from casual visitors in Eastend will be allocated to the RSM T. rex Centre Reserve Fund. Total donations and the funds available for investment in the Centre will be reported annually to the RSM.

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FRIENDS OF THE ROYAL SASKATCHEWAN MUSEUM INC.
Notes to Financial Statements
Year Ended March 31, 2021

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

Measurement uncertainty

The preparation of financial statements in conformity 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, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Significant assets requiring estimates are the capital assets. Actual results could differ from these estimates.

3. CASH

	2021	2020
Petty cash	\$ 2,218	\$ 2,250
Balances with bank	630,848	365,639
Term deposits	291,161	289,138
	\$ 924,227	\$ 657,027
Operating cash	\$ 269,888	\$ 98,292
Externally restricted cash	268,961	253,583
Internally restricted cash	385,378	305,152
	\$ 924,227	\$ 657,027

4. INVENTORY

Inventory, by gift shop location, is as follows:

	2021	2020
Apperley	\$ 74,414	\$ 84,257
Eastend	20,168	20,168
	94,582	104,425
Cost	94,582	104,425
Valuation allowance	(3,800)	(4,150)
	\$ 90,782	\$ 100,275

FRIENDS OF THE ROYAL SASKATCHEWAN MUSEUM INC.

Notes to Financial Statements

Year Ended March 31, 2021

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Other equipment	\$ 11,717	\$ 9,383	\$ 2,334	\$ 2,918
Gift shops fixtures	28,726	20,867	7,859	9,824
	<u>\$ 40,443</u>	<u>\$ 30,250</u>	<u>\$ 10,193</u>	<u>\$ 12,742</u>

6. INTANGIBLE ASSETS

	2021	2020
Inventory tracking system	\$ 6,933	\$ 6,933
Accumulated amortization	(6,766)	(6,695)
	<u>\$ 167</u>	<u>\$ 238</u>

7. DEFERRED REVENUE

Deferred revenue represents externally restricted major fundraising for projects and programs for which expenditures have not yet been incurred. Transfers to revenue are made as related expenditures are made. Deferred revenue transactions consisted of the following:

	Projects/ Programs	2021	2020
Starting balance	\$ 123,693	\$ 123,693	\$ 79,548
Received/receivable	131,125	131,125	184,215
Revenue recognized	(116,390)	(116,390)	(140,070)
Ending Balance	<u>\$ 138,428</u>	<u>\$ 138,428</u>	<u>\$ 123,693</u>

Projects and grant deferred revenue of \$138,428 (2020 - \$123,050) is considered restricted cash as it is held for use by the Royal Saskatchewan Museum or for specific programs.

8. ROYAL SASKATCHEWAN MUSEUM EXPENSES

The following items were purchased on behalf of the Royal Saskatchewan Museum:

	2021	2020
Movie screen upgrades	\$ 13,380	\$ -
Scotty Gallery	-	42,400
	<u>\$ 13,380</u>	<u>\$ 42,400</u>

These purchases have been made on behalf of the Royal Saskatchewan Museum and the corporation has no rights of ownership to them.

FRIENDS OF THE ROYAL SASKATCHEWAN MUSEUM INC.
Notes to Financial Statements
Year Ended March 31, 2021

9. LONG TERM DEBT

	2021	2020
Conexus Credit Union CEBA Loan - non-interest bearing until December 31, 2022 with no set terms of repayment. If 67% of the maximum loan outstanding is repaid prior to December 31, 2022, the remaining balance will be forgiven. If not repaid by December 31, 2022, loan converts to an interest only loan at a fixed rate of 5% maturing December 31, 2025.	\$ 60,000	\$ -
Amounts payable within one year	-	-
	\$ 60,000	\$ -

Principal repayment terms are approximately:

2023	<u>\$ 60,000</u>
	<u>\$ 60,000</u>

10. DONATED SERVICES

The operation of the corporation utilizes the services of a number of volunteers. Since those services are not normally purchased by the organization, and due to difficulty of determining the fair market value of these donated services, the value of these donated services is not recognized in the financial statements.

FRIENDS OF THE ROYAL SASKATCHEWAN MUSEUM INC.
Notes to Financial Statements
Year Ended March 31, 2021

11. INCOME TAX STATUS

The corporation is a registered charity within the meaning of *The Income Tax Act* and is exempt from income taxes.

12. FINANCIAL INSTRUMENTS - MEASUREMENT AND IMPAIRMENT

The corporation initially measures its financial assets and financial liabilities at fair value. The corporation subsequently measures all its financial assets and financial liabilities at amortized cost. Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payable. At the end of each reporting period, the corporation assesses whether there are any indications that a financial asset measured at amortized cost may be impaired, and if so, reduces the carrying amount accordingly.

13. FINANCIAL INSTRUMENTS - RISK EXPOSURES

Like any entity, the corporation is potentially exposed to various risks through its financial instruments and has a risk management framework to monitor, evaluate and manage these risks. These include credit, liquidity, market, currency, interest rate and other price risks. None of these risk exposures are considered by management to be material, and there have been no changes in the corporation's risk exposures from the prior year.

14. GOVERNMENT ASSISTANCE

As a result of the COVID-19 pandemic, the federal government introduced the Canadian Emergency Wage Subsidy program and the 10% Temporary Wage Subsidy, in which a maximum of 75% of the eligible wages are paid to the company via a government subsidy in qualifying periods. As of March 31, 2021, the corporation has recorded \$90,155 of these subsidies, which has been presented as government assistance revenue. As of March 31, 2021, the corporation has recorded \$8,377 of these subsidies as current government assistance receivable.

The federal government also introduced the Canadian Emergency Business Account. As of March 31, 2021, the company has received \$60,000 in loan proceeds. If 67% of the maximum loan is repaid prior to December 31, 2022, the remaining balance will be forgiven. As such, \$20,000 has been recorded as long term government assistance receivable and presented as government assistance revenue.

15. COVID-19 PANDEMIC

On March 11, 2020, the World Health organization declared a global pandemic for the COVID-19 virus. The pandemic is complex and rapidly evolving. It has caused material disruption to businesses and has resulted in an economic slowdown. The corporation continues to assess and monitor the impact of COVID-19 on its financial condition. The magnitude and duration of COVID-19 is uncertain and accordingly, it is difficult to reliably measure the potential future impact on the corporation's financial position and operation. In the current year the corporation did realize significant decreases in sales and cut backs in expenses due to the pandemic. It is not expected to have an adverse affect on the financial position or operations in the subsequent year.

FRIENDS OF THE ROYAL SASKATCHEWAN MUSEUM INC.
Schedule of Gift Shops Revenue and Expenses
Year Ended March 31, 2021

(Schedule 1)

	Apperley	T.rex Discovery Centre	Total 2021	Total 2020
REVENUE	\$ 52,475	\$ -	\$ 52,475	\$ 306,260
COST OF SALES	25,618	-	25,618	167,794
GROSS PROFIT	26,857	-	26,857	138,466
OTHER REVENUE				
Sales tax commission and recovery	1,071	-	1,071	6,081
Vending and other	373	-	373	730
Cash short and over	(35)	-	(35)	(316)
Fundraisers	-	-	-	1,095
	1,409	-	1,409	7,590
EXPENSES				
Telephone	753	18	771	2,298
Supplies	2,162	-	2,162	12,673
Equipment maintenance	2,173	1,946	4,119	6,311
Manager wages	24,151	1,928	26,079	43,871
Casual wages	12,964	-	12,964	81,669
Gift shows and travel	-	-	-	627
Advertising	-	-	-	479
Freight-in	183	-	183	264
Bank charges and interest	3,214	1,588	4,802	6,440
	-	-	-	-
	45,600	5,480	51,080	154,632
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ (17,334)	\$ (5,480)	\$ (22,814)	\$ (8,576)

The accompanying notes form an integral part of these financial statements