

FRIENDS OF THE ROYAL SASKATCHEWAN MUSEUM INC.

Financial Statements

Year Ended March 31, 2026

Draft for discussion purposes only

Prepared by	Reviewed by	Reviewed by
RJS 5/25/26	CW 5/30/26	RJS 5/25/26

FRIENDS OF THE ROYAL SASKATCHEWAN MUSEUM INC.
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Year Ended March 31, 2026

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DUDLEY & COMPANY LLP

Chartered Professional Accountants

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 "organization"), which comprise the statement of financial position as at March 31, 2026, and the statements of 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 organization as at March 31, 2026, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Qualified Opinion

In common with many charitable organizations, the organization derives revenue from (specify type of contributions affected) the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, current assets and net assets. Our audit opinion on the financial statements for the year ended March 31, 2025 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 organization in accordance with 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 these 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 ASNPO, 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 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.

(continues)

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 organization'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 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 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 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 timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

FRIENDS OF THE ROYAL SASKATCHEWAN MUSEUM INC.
Statement of Financial Position
March 31, 2026

	2026	2025
ASSETS		
CURRENT		
Operating cash (Note 3)	\$ 162,418	\$ 162,921
Restricted cash (Notes 2, 3)	356,377	461,120
Restricted short term investments (Notes 2, 3)	1,206,900	1,000,000
Accounts receivable	10,629	10,193
Inventory (Notes 2, 4)	82,207	94,848
Interest receivable	21,464	16,220
Prepaid expenses	7,823	2,535
	1,847,818	1,747,837
CAPITAL ASSETS (Notes 2, 5)	3,820	4,774
INTANGIBLE ASSETS (Note 6)	28	40
RESTRICTED LONG TERM INVESTMENTS (Notes 2, 3)	180,000	200,000
	\$ 2,031,666	\$ 1,952,651
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 38,080	\$ 32,902
Deferred revenue (Notes 2, 7)	94,625	108,697
	132,705	141,599
NET ASSETS		
Unrestricted equity (Page 5)	151,837	145,117
Restricted equity (Page 5, 6)	1,743,277	1,661,121
Capital asset equity (Page 5)	3,847	4,814
	1,898,961	1,811,052
	\$ 2,031,666	\$ 1,952,651

ON BEHALF OF THE BOARD

_____ Director

_____ Director

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Prep _____ Added _____ Approved _____

See notes to financial statements

FRIENDS OF THE ROYAL SASKATCHEWAN MUSEUM INC.

**Statement of Operations
Year Ended March 31, 2026**

	Operating Funds	Restricted Funds	Capital Funds	Total 2026	Total 2025
REVENUE					
Administration revenue	\$ 72,619	\$ 50,000	\$ -	\$ 122,619	\$ 85,597
Donations revenue	144,967	235,221	-	380,188	324,967
Events revenue	4,050	-	-	4,050	15,490
Facilities revenue	-	2,363	-	2,363	20,653
Gift shops revenue	223,571	-	-	223,571	210,182
Research revenue	-	85,300	-	85,300	71,556
Sponsorship revenue	-	57,763	-	57,763	89,650
Young Canada Works revenue	-	18,900	-	18,900	12,930
	<u>445,207</u>	<u>449,547</u>	<u>-</u>	894,754	831,025
EXPENSES					
Administration expenses	205,831	1,954	967	208,752	171,410
Events expenses	4,175	1,904	-	6,079	27,736
Facilities expenses	-	-	-	-	13,385
Gift shops expenses	207,944	-	-	207,944	209,592
Research expenses	-	215,287	-	215,287	157,166
Scholarships	-	120,263	-	120,263	21,199
Young Canada Works expenses	-	48,520	-	48,520	25,941
	<u>417,950</u>	<u>387,928</u>	<u>967</u>	806,845	626,429
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ 27,257	\$ 61,619	\$ (967)	\$ 87,909	\$ 204,596

FRIENDS OF THE ROYAL SASKATCHEWAN MUSEUM INC.
Statement of Changes in Net Assets
Year Ended March 31, 2026

	Unrestricted Equity	Restricted Equity	Capital Asset Equity	2026	2025
NET ASSETS - BEGINNING OF YEAR	\$ 145,117	\$ 1,661,121	\$ 4,814	\$ 1,811,052	\$ 1,606,456
Excess of revenue over expenses	27,257	61,619	(967)	87,909	204,596
Transfers between funds	(20,537)	20,537	-	-	-
NET ASSETS - END OF YEAR	\$ 151,837	\$ 1,743,277	\$ 3,847	\$ 1,898,961	\$ 1,811,052

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FRIENDS OF THE ROYAL SASKATCHEWAN MUSEUM INC.

**Statement of Changes in Restricted Equity
(Schedule 2)**

Year Ended March 31, 2026

	Opening Balance	Allocated Surplus	Internal Transfers	2026
RESTRICTED FUNDS/RESERVES				
FRSM Capital Reserve Fund	\$ 18,568	\$ -	\$ -	\$ 18,568
RSM General Reserve Fund	132,054	(28,438)	-	103,616
RSM Graduate Student Scholarship Fund	29,013	(55,185)	26,172	-
RSM Opportunity Reserve Fund	1,307,639	142,854	9,916	1,460,409
RSM Research Reserve Fund	173,847	2,388	(15,551)	160,684
	<u>\$ 1,661,121</u>	<u>\$ 61,619</u>	<u>\$ 20,537</u>	<u>\$ 1,743,277</u>

FRIENDS OF THE ROYAL SASKATCHEWAN MUSEUM INC.

**Statement of Cash Flows
Year Ended March 31, 2026**

	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from gift shop customers	\$ 223,571	\$ 210,182
Cash receipts from grants and other sources	601,056	561,047
Cash paid to suppliers and employees	(793,348)	(632,381)
Interest received	50,375	47,999
NET CHANGE IN CASH AND CASH EQUIVALENTS DURING THE YEAR	81,654	186,847
Cash - beginning of year	1,824,041	1,637,194
CASH - END OF YEAR	\$ 1,905,695	\$ 1,824,041
CASH CONSISTS OF:		
Operating cash	\$ 162,418	\$ 162,921
Restricted cash	356,377	461,120
Restricted short term investments	1,206,900	1,000,000
Restricted long term investments	180,000	200,000
	\$ 1,905,695	\$ 1,824,041

FRIENDS OF THE ROYAL SASKATCHEWAN MUSEUM INC.

Notes to Financial Statements

Year Ended March 31, 2026

1. NATURE OF OPERATIONS

Friends of the Royal Saskatchewan Museum Inc. (the "organization", 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 (ASNPO).

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%

(continues)

FRIENDS OF THE ROYAL SASKATCHEWAN MUSEUM INC.

Notes to Financial Statements

Year Ended March 31, 2026

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

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 sponsorships are recognized in the period in which the sponsorship covers 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.

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.

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.

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FRIENDS OF THE ROYAL SASKATCHEWAN MUSEUM INC.

Notes to Financial Statements

Year Ended March 31, 2026

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

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. As stipulated in the 2024-2027 agreement between the FRSM and the RSM, this fund is not to exceed \$175,000.

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. Undirected donations and bequests to the RSM are directed to this fund, together with a portion of admission donations and facility revenues, as stipulated in the 2024-2027 agreement between the FRSM and the RSM.

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 Research Reserve Fund - is an externally restricted fund that represents the accumulation of research grants and other funding received on behalf of the RSM in excess of research expenses. The RSM's researchers and other staff secure funding from external sources directed to support research and other projects.

FRIENDS OF THE ROYAL SASKATCHEWAN MUSEUM INC.

Notes to Financial Statements

Year Ended March 31, 2026

3. CASH AND INVESTMENTS

	<u>2026</u>	<u>2025</u>
Operating petty cash	\$ 2,452	\$ 2,452
Operating balances with bank	<u>159,966</u>	160,469
	162,418	162,921
Restricted balances with bank	356,377	461,120
Restricted short term investments	1,206,900	1,000,000
Restricted long term investments	<u>180,000</u>	200,000
	\$ 1,905,695	\$ 1,824,041
Operating cash	\$ 162,418	\$ 162,921
Externally restricted cash and investments	264,300	305,900
Internally restricted cash and investments	<u>1,478,977</u>	1,355,220
	\$ 1,905,695	\$ 1,824,041

Short term investments consist of term deposits maturing November 13, 2026 (2025 - November 13, 2026) with interest rates ranging from 2.85% - 3.45% (2025 - 3.45% - 3.75%).

Long term investments consist of term deposits maturing June 18, 2027 (2025 - November 13, 2026 with an interest rate of 3.05% (2025 - 3.45%).

4. INVENTORY

Inventory, by gift shop location, is as follows:

	<u>2026</u>	<u>2025</u>
Museum Shop	\$ 70,432	\$ 81,474
Discovery Shop	<u>15,175</u>	17,324
	85,607	98,798
Cost		
Valuation allowance	<u>(3,400)</u>	(3,950)
	\$ 82,207	\$ 94,848

5. CAPITAL ASSETS

	Cost	Accumulated amortization	<u>2026 Net book value</u>	2025 Net book value
Other equipment	\$ 11,717	\$ 10,952	\$ 765	\$ 956
Gift shops fixtures	29,280	26,225	<u>3,055</u>	3,818
	<u>\$ 40,997</u>	\$ 37,177	\$ 3,820	\$ 4,774

FRIENDS OF THE ROYAL SASKATCHEWAN MUSEUM INC.

Notes to Financial Statements

Year Ended March 31, 2026

6. INTANGIBLE ASSETS

	2026	2025
Inventory tracking system	\$ 6,933	\$ 6,933
Accumulated amortization	(6,905)	(6,893)
	\$ 28	\$ 40

7. DEFERRED REVENUE

Deferred revenue represents major fundraising for projects and programs for which expenditures have not yet been incurred and sponsorships for which the related period of sponsorship coverage has not yet occurred. Transfers to revenue are made as related expenditures are made or when the period of sponsorship occurs. Deferred revenue transactions consisted of the following:

	Projects/ Programs	Events/ Sponsorships	2026	2025
Starting balance	\$ 75,460	\$ 33,237	\$ 108,697	\$ 148,749
Received/receivable	101,350	61,590	162,940	146,895
Revenue recognized	(119,250)	(57,762)	(177,012)	(186,947)
Ending Balance	\$ 57,560	\$ 37,065	\$ 94,625	\$ 108,697

Included in the deferred sponsorship revenue is \$4,000 (2025 - \$22,438) of restricted sponsorship funds that have been directed to the RSM Opportunity Reserve Fund. These funds, although allocated to the RSM Opportunity Reserve Fund, are not available for use by the RSM until revenue recognition is met as outlined in Note 2.

8. 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.

9. INCOME TAX STATUS

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

10. 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.

FRIENDS OF THE ROYAL SASKATCHEWAN MUSEUM INC.

Notes to Financial Statements

Year Ended March 31, 2026

11. 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.

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FRIENDS OF THE ROYAL SASKATCHEWAN MUSEUM INC.

Schedule of Gift Shops Revenue and Expenses

Year Ended March 31, 2026

(Schedule 1)

	Museum Shop	Discovery Shop	Total 2026	Total 2025
REVENUE				
Gross sales	\$ 182,707	\$ 35,726	\$ 218,433	\$ 206,071
COST OF SALES				
Cost of Sales	101,278	16,194	117,472	105,536
GROSS PROFIT				
	81,429	19,532	100,961	100,535
OTHER REVENUE (EXPENSES)				
Sales tax commission and recovery	3,636	712	4,348	3,912
Vending and other	135	-	135	182
Cash short and over	(192)	10	(182)	17
Wage subsidy	838	-	838	-
	4,417	722	5,139	4,111
EXPENSES				
Telephone	1,450	-	1,450	1,709
Supplies	2,275	-	2,275	3,318
Equipment maintenance	1,508	1,508	3,016	2,653
Manager wages	21,635	-	21,635	35,380
Casual wages	52,962	-	52,962	51,653
Gift shows and travel	-	208	208	39
Freight-in	74	310	384	771
Bank charges and interest	6,229	2,314	8,543	8,533
	86,133	4,340	90,473	104,056
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES				
	\$ (287)	\$ 15,914	\$ 15,627	\$ 590