

WANUSKEWIN HERITAGE PARK AUTHORITY

FINANCIAL STATEMENTS

MARCH 31, 2015

INDEPENDENT AUDITORS' REPORT

To the Board of Directors

Wanuskewin Heritage Park Authority

We have audited the accompanying financial statements of **Wanuskewin Heritage Park Authority** which comprise the statement of financial position as at **March 31, 2015** and the statements of operations and changes in fund balances 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements 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 Authority's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2015 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.

Other Matter

The financial statements of the Authority for the year ended March 31, 2014 were audited by another auditor who expressed an unmodified opinion on those statements on June 26, 2014.

June 25, 2015

Saskatoon, Saskatchewan

Virtus Group LLP

Chartered Professional Accountants


WANUSKEWIN HERITAGE PARK AUTHORITY
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2015
(with comparative figures for 2014)

<u>ASSETS</u>						
	<u>Operating Fund</u>	<u>Tangible Capital Asset Fund</u>	<u>Permanent Collection Fund</u>	<u>Fundraising Fund</u>	<u>2015</u>	<u>2014</u>
Current assets						
Cash (Notes 7 and 8) \$	262,647 \$	-	\$ -	\$ 860,313 \$	1,122,960 \$	725,801
Accounts receivable	55,166	-	-	-	55,166	97,683
Due from other funds	169,148	-	10,000	2,742	181,890	43,611
Inventory	70,619	-	-	-	70,619	83,709
Prepaid expenses	21,475	-	-	-	21,475	15,248
	579,055	-	10,000	863,055	1,452,110	966,052
Tangible capital assets (Note 3)	-	7,565,677	-	-	7,565,677	8,296,075
Permanent collection (Note 4)	-	-	221,533	-	221,533	221,533
	\$ 579,055	\$ 7,565,677	\$ 231,533	\$ 863,055	\$ 9,239,320	\$ 9,483,660
<u>LIABILITIES</u>						
Current liabilities						
Accounts payable and accrued liabilities \$	181,117 \$	-	\$ -	\$ -	\$ 181,117	129,705
Government remittances payable	13,913	445	-	-	14,358	11,565
Due to other funds	11,296	94,394	-	76,200	181,890	43,611
Callable debt (Note 7)	147,331	-	-	-	147,331	75,469
	353,657	94,839	-	76,200	524,696	260,350
Deferred contributions (Notes 5 and 6)	48,753	7,019,708	10,000	778,009	7,856,470	8,540,056
	402,410	7,114,547	10,000	854,209	8,381,166	8,800,406
<u>FUND BALANCES</u>						
Fund balances	176,645	451,130	221,533	8,846	858,154	683,254
	\$ 579,055	\$ 7,565,677	\$ 231,533	\$ 863,055	\$ 9,239,320	\$ 9,483,660

Commitments (Note 8)

See accompanying notes to the financial statements.

APPROVED BY THE BOARD:

 Director

 Director

WANUSKEWIN HERITAGE PARK AUTHORITY
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2015
(with comparative figures for the year ended March 31, 2014)

	Operating Fund	Tangible Capital Asset Fund	Permanent Collection Fund	Fundraising Fund	2015	2014
Revenue (Note 9)						
Administration	\$ 877,617	\$ -	\$ -	\$ -	\$ 877,617	\$ 1,049,528
Capital (Note 6)	-	804,565	-	-	804,565	795,570
Cultural resources	130,295	-	-	-	130,295	130,066
Facilities	3,470	-	-	-	3,470	710
Fundraising	-	-	-	566,461	566,461	365,347
Gallery and curatorial	3,000	-	-	-	3,000	557
Gift shop (Note 11)	211,391	-	-	-	211,391	203,631
Hospitality and catering (Note 12)	519,249	-	-	-	519,249	441,016
Marketing	6,022	-	-	-	6,022	2,293
Visitor services	342,174	-	-	-	342,174	162,661
	<u>2,093,218</u>	<u>804,565</u>	<u>-</u>	<u>566,461</u>	<u>3,464,244</u>	<u>3,151,379</u>
Cost of sales						
Gift shop (Note 11)	111,903	-	-	-	111,903	104,020
Hospitality and catering (Note 12)	138,619	-	-	-	138,619	143,063
	<u>250,522</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>250,522</u>	<u>247,083</u>
Expenses (Note 10)						
Administration	398,881	-	-	-	398,881	361,419
Capital (Note 6)	-	798,782	-	-	798,782	856,320
Cultural resources	134,695	-	-	-	134,695	186,248
Facilities	166,469	-	-	-	166,469	167,231
Fundraising	-	-	-	566,597	566,597	364,777
Gallery and curatorial	69,644	-	-	-	69,644	98,293
Gift shop (Note 11)	109,693	-	-	-	109,693	112,541
Hospitality and catering (Note 12)	329,925	-	-	-	329,925	333,379
Marketing	211,896	-	-	-	211,896	136,404
Visitor services	252,240	-	-	-	252,240	284,901
	<u>1,673,443</u>	<u>798,782</u>	<u>-</u>	<u>566,597</u>	<u>3,038,822</u>	<u>2,901,513</u>
Excess (deficiency) of revenue over expenses	\$ 169,253	\$ 5,783	\$ -	\$ (136)	\$ 174,900	\$ 2,783
Fund balances - beginning of year	7,392	445,347	221,533	8,982	683,254	680,471
Fund balances - end of year	\$ 176,645	\$ 451,130	\$ 221,533	\$ 8,846	\$ 858,154	\$ 683,254

See accompanying notes to the financial statements.

WANUSKEWIN HERITAGE PARK AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2015
(with comparative figures for the year ended March 31, 2014)

	<u>Operating Fund</u>	<u>Tangible Capital Asset Fund</u>	<u>Permanent Collection Fund</u>	<u>Fundraising Fund</u>	<u>2015</u>	<u>2014</u>
Cash provided by (used in)						
operating activities:						
Excess (deficiency) of revenue						
over expenses	\$ 169,253	\$ 5,783	-	\$ (136)	\$ 174,900	\$ 2,783
Interfund transfers	(184,683)	70,285	-	114,398	-	-
	(15,430)	76,068	-	114,262	174,900	2,783
Items not involving cash:						
- Amortization of deferred contributions	-	(795,570)	-	-	(795,570)	(1,160,347)
- Depreciation	-	798,782	-	-	798,782	856,180
	-	3,212	-	-	3,212	(304,167)
	(15,430)	79,280	-	114,262	178,112	(301,384)
Non-cash operating working capital (Note 13)	133,361	-	-	-	133,361	(30,842)
	117,931	79,280	-	114,262	311,473	(332,226)
Cash provided by (used in)						
investing activities:						
Additions to tangible capital assets	-	(68,384)	-	-	(68,384)	(41,956)
Cash provided by (used in)						
financing activities:						
Proceeds from long-term debt	152,120	-	-	-	152,120	12,540
Repayment of long-term debt	(69,365)	(10,896)	-	-	(80,261)	(56,777)
Increase in deferred contributions	-	-	-	82,211	82,211	505,540
	82,755	(10,896)	-	82,211	154,070	461,303
Increase in cash	200,686	-	-	196,473	397,159	87,121
Cash position						
- beginning of year	61,961	-	-	663,840	725,801	638,680
Cash position						
- end of year	\$ 262,647	\$ -	\$ -	\$ 860,313	\$ 1,122,960	\$ 725,801

See accompanying notes to the financial statements.

WANUSKEWIN HERITAGE PARK AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015
(with comparative figures for the year ended March 31, 2014)

1. Nature of operations

Wanuskewin Heritage Park Authority (the "Authority") was incorporated under the *Non-profit Corporations Act* in the province of Saskatchewan. The Authority was established to operate the Wanuskewin Heritage Park which commenced full-time commercial operations on June 1, 1992. The Authority is a registered charitable organization and is exempt from income taxes under the Canadian Income Tax Act.

2. Summary of significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations which required 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 period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known. The financial statements reflect the following policies:

Fund accounting

The accounts of the Authority are maintained in accordance with the principles of fund accounting. Resources are classified for accounting and reporting purposes into funds to comply with activities or objectives specified by the donors or to comply with directives issued by the Board of Directors. Transfers between the funds are made when approved by the Board. For financial reporting purposes, there are four funds, as follows:

- i) the Operating Fund includes the day-to-day operating transactions of the Authority's activities;
- ii) the Tangible Capital Asset Fund comprises all of the tangible capital assets such as buildings, site development and equipment. Revenues represent the amortization of capital contributions and expenses represent the depreciation of the corresponding capital assets;
- iii) the Permanent Collection Fund consists of the cost of the permanent collection and funding for the acquisition of works of art or other artifacts of cultural significance; and
- iv) the Fundraising Fund is for future capital expansion and improvements including exhibit development.

Financial instruments

Financial assets and financial liabilities are recorded on the balance sheet when the Authority becomes party to the contractual provisions of the financial instrument. The Authority initially measures its financial assets and financial liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The Authority subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value of these financial instruments are recognized in net income. Fair value is the amount at which a financial instrument could be exchanged at arm's length between willing, unrelated parties in an open market.

WANUSKEWIN HERITAGE PARK AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015
(with comparative figures for the year ended March 31, 2014)

2. Summary of significant accounting policies (continued)

Revenue recognition

The Authority 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 if the amounts to be received can be reasonably estimated and collection is reasonably assured.

Capital contributions

Contributions (grants and donations) received for tangible capital assets are deferred and amortized over the same basis as the assets to which they relate. Contributions that are not amortizable, relating to land and art, are recognized as revenue in the period that the underlying assets are acquired.

Inventory

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

Tangible capital assets

Tangible capital assets are recorded at cost less accumulated depreciation. Depreciation is provided on the straight-line basis over the estimated useful life of the assets at the following rates:

Buildings and site development	25 years
Computer equipment	5 years
Equipment	2 - 10 years
Gift shop equipment	5 - 10 years
Restaurant equipment	5 - 10 years

In the year of acquisition, depreciation is provided at one-half the annual rate.

Donated materials and services

The Authority benefits from the donation of materials and services from its members. These financial statements do not reflect the value of the donation in kind received in the year as a fair value cannot be reasonably estimated.

Permanent collection

The permanent collection is reported in these financial statements at historic cost, where that cost is known, or at the fair value of an independent appraisal where available. Certain of the fair values for the permanent collection have been estimated by management with input by the artists.

WANUSKEWIN HERITAGE PARK AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015
(with comparative figures for the year ended March 31, 2014)

3. Tangible capital assets

	2015		2014	
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Buildings and site development	\$ 18,398,433	\$ 11,508,286	\$ 6,890,147	\$ 7,541,845
Computer equipment	487,164	454,102	33,062	64,073
Equipment	892,687	713,718	178,969	220,863
Land	434,006	-	434,006	434,006
Gift shop equipment	56,955	55,384	1,571	1,785
Restaurant equipment	234,431	206,509	27,922	33,503
	<u>\$ 20,503,676</u>	<u>\$ 12,937,999</u>	<u>\$ 7,565,677</u>	<u>\$ 8,296,075</u>

4. Permanent collection

The Authority's permanent collection consists of works of art, artifacts, and other items of cultural significance. For items in the permanent collection where fair value has been independently appraised or the purchase cost available, the carrying amount has been determined as follows:

	<u>2015</u>	<u>2014</u>
Permanent collection	<u>\$ 221,533</u>	<u>\$ 221,533</u>

During the year ended March 31, 2012, items with an appraised value of \$211,458 were recorded as a direct increase to the permanent collection fund. For items in the permanent collection where historic cost or appraised value is not available and the amount has not been included in the carrying value, management has estimated the value at \$570,000.

5. Deferred contributions - permanent collection fund

	<u>2015</u>	<u>2014</u>
Externally restricted private donations	<u>\$ 10,000</u>	<u>\$ 10,000</u>

WANUSKEWIN HERITAGE PARK AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015
(with comparative figures for the year ended March 31, 2014)

6. Deferred contributions - tangible capital asset fund

	2015		2014	
	Cost	Accumulated Amortization	Net	Net
Buildings and site development	\$ 17,913,272	\$ 11,126,416	\$ 6,786,856	\$ 7,448,540
Equipment	1,572,952	1,340,100	232,852	366,740
	<u>\$ 19,486,224</u>	<u>\$ 12,466,516</u>	<u>\$ 7,019,708</u>	<u>\$ 7,815,280</u>

The Authority has received contributions that have been designated for the renovations to its building. The expenditures incurred for this purpose have been recorded as deferred construction costs until such time as the future facility becomes available for use. Accordingly, the related contributions have also been deferred. In 2010, the facility became available for use and, therefore, the contributions are now being amortized.

7. Callable debt

	2015	2014
Loan payable to Peace Hills Trust in monthly payments of \$5,473 including interest at 6%. General security agreement and assignment of grant monies due held as security. Due on demand, repayable by August 2017.	\$ 147,331	-
Loan payable to Peace Hills Trust in monthly payments of \$5,030 including interest at 7.29%. General security agreement held as security. Due on demand, repayable by February 2016.	-	64,573
Loan payable to Peace Hills Trust in monthly payments of \$244 including interest at 2.5%. General security agreement held as security. Due on demand, repayable by June 2018.	-	10,896
	<u>\$ 147,331</u>	<u>\$ 75,469</u>

Management does not believe that the demand feature of the callable debt will be exercised in the current period. Assuming payment of the callable debt is not demanded, regular principal payments due in each of the next three years are as follows:

2016	\$ 58,426
2017	62,030
2018	26,875

The Authority has an authorized line of credit with Peace Hills Trust up to a maximum of \$150,000, bearing interest at prime plus 1.5%. At year-end, the line of credit used was \$nil (\$nil in 2014).

WANUSKEWIN HERITAGE PARK AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015
(with comparative figures for the year ended March 31, 2014)

8. Commitment

The Authority has received \$1,535,000 of a total commitment of \$3,000,000 to cover the costs that are associated with its Fundraising Campaign. As of March 31, 2015 \$1,271,338 (2014 - \$704,741) of fundraising costs have been incurred by the Authority and \$263,662 (2014 - \$130,259) of the cash balance and \$nil (2014 - \$60,000) of the accounts receivable balance are restricted for future costs associated with the Fundraising Campaign.

In May 2014, the Authority entered into a service agreement with DCG Philanthropic Services for a term of 18 months. The total expected fees over the term of the agreement is \$644,994, with approximately \$410,663 incurred to date. The remaining \$234,331 will be incurred in the next fiscal year.

9. Revenue

	<u>2015</u>	<u>2014</u>
Amortization of capital contributions	\$ 795,570	\$ 795,570
Province of Saskatchewan	629,000	610,979
Recognition of Fundraising Campaign contributions	566,461	365,347
Hospitality and catering revenue	372,990	321,020
Gift shop sales	210,762	197,609
Saskatchewan Lotteries Trust Fund	204,636	198,850
Rental revenue	186,259	159,995
City of Saskatoon	183,994	189,000
Foundations and other grants	115,100	103,707
Other revenues	72,671	51,836
Admissions revenue	47,664	51,089
Tour revenue	28,735	29,866
Tipi rental revenue	24,494	22,706
Dance troupe revenue	16,958	26,934
Wage subsidy program	8,950	26,871
	<u>\$ 3,464,244</u>	<u>\$ 3,151,379</u>

WANUSKEWIN HERITAGE PARK AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015
(with comparative figures for the year ended March 31, 2014)

10. Expenses

	<u>2015</u>	<u>2014</u>
Wages and employee benefits	\$ 922,306	\$ 907,695
Depreciation	798,782	856,180
Consultants	542,121	352,827
Benefits	142,493	137,548
Utilities	118,935	109,621
Other	111,297	71,290
Marketing costs	68,469	56,065
Insurance	62,988	76,460
Repairs and maintenance	58,306	58,493
Entertainment fees	55,030	81,048
Rent	40,713	48,340
Office	37,157	38,779
Supplies	25,688	37,241
Professional fees	22,699	30,406
Bank and interest charges	19,101	22,875
Travel	7,855	8,975
Vehicle	4,411	7,670
Bad debts	471	-
	<u>\$ 3,038,822</u>	<u>\$ 2,901,513</u>

11. Gift shop operations

	<u>2015</u>	<u>2014</u>
Revenue	\$ 211,391	\$ 203,631
Cost of sales	111,903	104,020
Gross profit	<u>99,488</u>	<u>99,611</u>
Expenses		
Wages and employee benefits	83,170	84,053
Utilities	10,550	9,746
Insurance	5,360	6,732
Office	3,556	4,205
Interest and bank charges	4,296	3,322
Travel	1,093	1,811
Miscellaneous	1,047	1,087
Consultants	353	1,585
Repairs and maintenance	268	-
	<u>109,693</u>	<u>112,541</u>
Excess (deficiency) of revenue over expenses	<u>\$ (10,205)</u>	<u>\$ (12,930)</u>

WANUSKEWIN HERITAGE PARK AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015
(with comparative figures for the year ended March 31, 2014)

12. Hospitality and catering operations

	<u>2015</u>	<u>2014</u>
Revenue		
Food sales	\$ 372,312	\$ 319,765
Room rental	146,259	119,995
Other	678	1,256
	<u>519,249</u>	<u>441,016</u>
Cost of sales	<u>138,619</u>	<u>143,063</u>
Gross profit	<u>380,630</u>	<u>297,953</u>
Expenses		
Wages and employee benefits	240,736	255,611
Utilities	33,992	31,403
Insurance	17,270	21,691
Supplies and maintenance	31,544	17,463
Interest and bank charges	4,240	5,312
Office	2,143	1,899
	<u>329,925</u>	<u>333,379</u>
Excess (deficiency) of revenue over expenses	<u>\$ 50,705</u>	<u>\$ (35,426)</u>

13. Non-cash operating working capital

Details of net change in each element of working capital relating to operations excluding cash are as follows:

	<u>2015</u>	<u>2014</u>
(Increase) decrease in current assets:		
Accounts receivable	\$ 42,517	\$ 30,468
Inventory	13,090	10,723
Prepaid expenses	(6,227)	14,486
	<u>49,380</u>	<u>55,677</u>
Increase (decrease) in current liabilities:		
Accounts payable and accrued liabilities	51,412	(4,721)
Government remittances payable	2,793	-
Deferred contributions	29,776	(81,798)
	<u>83,981</u>	<u>(86,519)</u>
	<u>\$ 133,361</u>	<u>\$ (30,842)</u>

WANUSKEWIN HERITAGE PARK AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015
(with comparative figures for the year ended March 31, 2014)

14. Financial risk management

The Authority has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The significant financial risks to which the Authority is exposed are:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Authority is exposed to credit risk on the accounts receivable from its customers, however, does not have a significant exposure to any individual customer or counterpart. In order to reduce its credit risk, the Authority has adopted credit policies, which includes conducting regular reviews of its existing customers' credit performances. The Authority incurred insignificant bad debt expense during the past three years.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Authority's exposure to interest rate risk is limited to the callable debt. The interest rate on this debt is fixed, therefore the risk to the Authority is limited.

Liquidity risk

Liquidity risk is the risk that the Authority will encounter difficulty in meeting obligations associated with financial liabilities. The Authority's exposure to liquidity risk is dependent on the receipt of funds from its operations, grants and other related sources. The Authority manages its liquidity risk by forecasting cash flows from operations and anticipating investing and financing activities to ensure it has sufficient available funds to meet current and foreseeable financial requirements.

15. Comparative figures

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