

DUDLEY & COMPANY LLP

Chartered Professional Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of Canadian Artists Representation Saskatchewan / Front Des Artistes Canadiens Saskatchewan Inc.

Opinion

We have audited the financial statements of Canadian Artists Representation Saskatchewan / Front Des Artistes Canadiens Saskatchewan Inc. (the organization), which comprise the statement of financial position as at August 31, 2023, and the statements of operations, changes in unrestricted 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, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at August 31, 2023, 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 Opinion

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 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.

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

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Independent Auditor's Report to the Members of Canadian Artists Representation Saskatchewan / Front Des Artistes Canadiens Saskatchewan Inc. *(continued)*

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.

Regina, Saskatchewan
November 19, 2023


Dudley & Company LLP
Chartered Professional Accountants


**CANADIAN ARTISTS REPRESENTATION SASKATCHEWAN / FRONT DES ARTISTES
CANADIENS SASKATCHEWAN INC.**

Statement of Financial Position

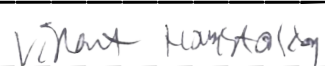
August 31, 2023

	2023	2022
ASSETS		
CURRENT		
Cash	\$ 340,541	\$ 342,435
Accounts receivable	7,674	1,368
GST recoverable	2,892	2,471
Interest receivable	442	437
Prepaid expenses	10,433	7,448
Inventory	1,803	1,206
	<u>363,785</u>	<u>355,365</u>
TERM DEPOSITS (Note 3)	47,477	46,953
	<u>\$ 411,262</u>	<u>\$ 402,318</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 9,847	\$ 14,890
Grant return payable (Note 4)	-	3,850
Wages payable	9,952	7,950
Deferred revenue	186,475	189,255
	<u>206,274</u>	<u>215,945</u>
NET ASSETS		
Unrestricted net assets	96,521	79,181
Internally restricted trust funds (Notes 9, 10)	50,152	49,727
Internally restricted operating funds (Note 11)	58,315	57,465
	<u>204,988</u>	<u>186,373</u>
	<u>\$ 411,262</u>	<u>\$ 402,318</u>

ON BEHALF OF THE BOARD



Director



Director

The accompanying notes form an integral part of these financial statements

**CANADIAN ARTISTS REPRESENTATION SASKATCHEWAN / FRONT DES ARTISTES
CANADIENS SASKATCHEWAN INC.**

**Statement of Operations
Year Ended August 31, 2023**

	2023	2022
REVENUES <i>(Schedule 1)</i>	\$ 442,078	\$ 383,812
EXPENSES		
Administration <i>(Schedule 2)</i>	242,877	225,406
Cultural industries sector - development	656	-
Professional development <i>(Schedule 3)</i>	106,300	76,578
Professional practice <i>(Schedule 4)</i>	5,875	4,089
Information <i>(Schedule 5)</i>	42,176	41,106
Services <i>(Schedule 6)</i>	8,185	8,231
Governance <i>(Schedule 7)</i>	18,669	4,722
Equipment purchases	-	5,518
Industry standards - best practices	-	3,000
	424,738	368,650
EXCESS OF REVENUE OVER EXPENSES	\$ 17,340	\$ 15,162

The accompanying notes form an integral part of these financial statements

**CANADIAN ARTISTS REPRESENTATION SASKATCHEWAN / FRONT DES ARTISTES
CANADIENS SASKATCHEWAN INC.**

**Statement of Changes in Unrestricted Net Assets
Year Ended August 31, 2023**

	2023	2022
UNRESTRICTED NET ASSETS - BEGINNING OF YEAR	\$ 79,181	\$ 64,019
Excess (Deficiency) of revenue over expenses	<u>17,340</u>	<u>15,162</u>
UNRESTRICTED NET ASSETS - END OF YEAR	<u>\$ 96,521</u>	<u>\$ 79,181</u>

The accompanying notes form an integral part of these financial statements

**CANADIAN ARTISTS REPRESENTATION SASKATCHEWAN / FRONT DES ARTISTES
CANADIENS SASKATCHEWAN INC.**

**Statement of Cash Flows
Year Ended August 31, 2023**

	2023	2022
CASH FLOWS FROM (FOR) OPERATING ACTIVITIES		
Cash receipts from funders and members	\$ 425,534	\$ 387,052
Cash paid to suppliers and employees	(431,782)	(359,947)
Interest received	3,603	1,350
	<u>(2,645)</u>	<u>28,455</u>
CASH FLOWS FROM (FOR) INVESTING ACTIVITIES		
Purchase of investments	(524)	(661)
Net increase (decrease) in restricted funds	1,275	1,500
	<u>751</u>	<u>839</u>
Net change in cash and cash equivalents during the year	(1,894)	29,294
CASH - BEGINNING OF YEAR	342,435	313,141
CASH - END OF YEAR	\$ 340,541	\$ 342,435
CASH CONSISTS OF:		
Cash	\$ 340,541	\$ 342,435

The accompanying notes form an integral part of these financial statements

**CANADIAN ARTISTS REPRESENTATION SASKATCHEWAN / FRONT DES ARTISTES
CANADIENS SASKATCHEWAN INC.**

Notes to Financial Statements

Year Ended August 31, 2023

1. NATURE OF OPERATIONS

Canadian Artists Representation Saskatchewan / Front Des Artistes Canadiens Saskatchewan Inc. (the "organization") is a non-profit organization incorporated under *The Non-Profit Corporations Act* of Saskatchewan. The organization's mission is to promote the well-being of practicing visual artists within the Province of Saskatchewan.

The organization is a not-for-profit organization, as described in Section 149 of the *Income Tax Act*, and therefore is not subject to either federal or provincial income taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

a) Grants - Revenues from grants and other sources that relate to specific projects are recognized as revenue when the related expenses are incurred. Other grants are recorded as revenue in the fiscal period to which they apply. This is in accordance with the deferral method of accounting.

b) Member fees - these fees are set annually by the Board and are recognized as revenue in the fiscal year to which they relate.

c) Interest - Revenue is recognized on an accrual basis. Interest on fixed income investments is recognized over the terms of these investments using effective interest method.

d) Other - Revenue is recognized when received.

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**CANADIAN ARTISTS REPRESENTATION SASKATCHEWAN / FRONT DES ARTISTES
CANADIENS SASKATCHEWAN INC.**

Notes to Financial Statements

Year Ended August 31, 2023

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

Fund accounting

Canadian Artists Representation Saskatchewan / Front Des Artistes Canadiens Saskatchewan Inc. follows the deferral method of accounting for contributions.

Amounts received in advance of the incurrence of the related project expenses are recorded as deferred revenue.

The organization receives donations and other revenues that are to be used for specific purposes. The revenues and expenses are recorded directly into the restricted trust funds and are represented on the Changes in Internally Restricted Trust Funds - Note 9 and 10 and Changes in Internally Restricted Operating Funds - Note 11.

The Artists Distress Fund (ADF) was created by the board to assist visual artists in difficult situations with immediate short term financial aid. Increases to the fund are as a result of programs, events and donations and decreases to the fund must be supported by a written request of a visual artist in Saskatchewan, although their membership in the organization is not a requirement for aid.

The Members Legal Aid Fund (MLAF) was created by the board to assist member visual artists with legal costs directly related to their art practice. Increases to the fund are mainly through contributions from individuals. Decreases to the fund must be supported by a demonstrated need for assistance.

The Publication and Project Reserve (PAPR) was created by the board to offset the costs of a publication or special project. The organization's visual arts handbook is the largest project that uses this fund.

The Emergency Relief Fund (ERF) was created by the board to provide emergency relief for artists as well as complimentary memberships to encourage future memberships and/or donation to the ADF.

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**CANADIAN ARTISTS REPRESENTATION SASKATCHEWAN / FRONT DES ARTISTES
CANADIENS SASKATCHEWAN INC.**

Notes to Financial Statements

Year Ended August 31, 2023

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

Financial instruments

a) Measurement of financial instruments - The organization initially measures its financial assets and liabilities at fair value and subsequently measures them at amortized cost. Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

b) Impairment - At the end of each reporting period, the organization assesses whether there are any indications that a financial asset measured at amortized cost may be impaired. Objective evidence of impairment includes observable data that comes to the attention of the organization, including but not limited to the following events: significant financial difficulty of the issuer; delinquency in payments; or bankruptcy. When there is an indication of impairment, the organization determines whether a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset. If identified, the organization reduces the carrying amount of the asset to the present value of cash flows expected to be received. The carrying amount of the asset is reduced directly or through the use of an allowance account. The amount of the reduction is recognized as a bad debt in the statement of operations. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent of the improvement, directly or by adjusting the allowance account. The amount of the reversal is recognized in the statement of operations in the period the reversal occurs.

Investments

Investments are valued at the lower of cost and market value. Investments consist of guaranteed investment certificates.

Inventory

Inventory is valued at the lower of cost and replacement cost.

Capital assets

Capital assets are expensed in the Statement of Operations in the year of purchase.

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. Significant estimates include those used when accounting for the impairment of financial assets. All estimates are reviewed periodically and adjustments are made to the statement of operations as appropriate in the year they become known.

**CANADIAN ARTISTS REPRESENTATION SASKATCHEWAN / FRONT DES ARTISTES
CANADIENS SASKATCHEWAN INC.**

Notes to Financial Statements

Year Ended August 31, 2023

3. INVESTMENTS

Investments consist of non-redeemable term deposits measured at amortized cost with a maturity date of three years from date of acquisition. The term deposits have interest rates ranging from 1.25% to 1.50% (2022 - 1.25% to 1.50%).

4. GRANT RETURN PAYABLE

Canadian Artists Representation Saskatchewan / Front Des Artistes Canadiens Saskatchewan Inc. receives annual funding from Sask Lotteries Trust Fund with the understanding that the funds are to be used for eligible purposes adhering to the policies and guidelines. Any unspent funds must be returned to Sask Lotteries Trust Fund. At August 31, 2023, the Organization had no amount owing in grant returns payable to the Sask Lotteries Trust Fund (2022 - \$3,850).

5. FINANCIAL RISK MANAGEMENT

The organization is exposed to various risks through its financial instruments and has a risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of August 31, 2023.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to credit risk from customers and other sources. In order to reduce its credit risk, the organization reviews its prior history with the customer or other source. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources and accounts payable.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk.

Currency risk

Currency risk is the risk to the organization's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The organization does not deal in foreign currencies.

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**CANADIAN ARTISTS REPRESENTATION SASKATCHEWAN / FRONT DES ARTISTES
CANADIENS SASKATCHEWAN INC.**

Notes to Financial Statements

Year Ended August 31, 2023

5. FINANCIAL RISK MANAGEMENT (*continued*)

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the organization manages exposure through its normal operating and financing activities. The organization is exposed to interest rate risk primarily through its investments.

Changes in risk

There have been no changes in the organization's risk exposures from the prior year.

6. LEASE COMMITMENTS

The organization has a long term lease with respect to its premises. The lease includes monthly principal payments of \$1,250 and expires December 31, 2024.

7. ECONOMIC DEPENDENCE

The organization relies on grant funding from Sask Lotteries Trust Fund for its operations. In 2023, 84% of revenues are from Sask Lotteries Trust Fund (2022 - 96%).

8. SIGNIFICANT EVENTS

In March 2020, there was a global outbreak of COVID-19, which has had a significant impact on organizations through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Organization as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

**CANADIAN ARTISTS REPRESENTATION SASKATCHEWAN / FRONT DES ARTISTES
CANADIENS SASKATCHEWAN INC.**

Notes to Financial Statements

Year Ended August 31, 2023

9. CHANGES IN INTERNALLY RESTRICTED TRUST FUNDS

	Project and Publication Reserve	Artist Distress Fund - Donations Account	Members' Legal Aid Fund	Emergency Relief Fund	2023
Opening balance	\$ 19,366	\$ 16,605	\$ 13,756	\$ -	\$ 49,727
<u>Revenues</u>					
Donations	-	925	-	-	925
<u>Expenses</u>					
Artist assistance	-	(500)	-	-	(500)
Ending balance	\$ 19,366	\$ 17,030	\$ 13,756	\$ -	\$ 50,152

10. CHANGES IN INTERNALLY RESTRICTED TRUST FUNDS (Prior Year)

	Project and Publication Reserve	Artist Distress Fund - Donations Account	Members' Legal Aid Fund	Emergency Relief Fund	2022
Opening balance	\$ 19,366	\$ 16,050	\$ 13,756	\$ -	\$ 49,172
<u>Revenues</u>					
Donations	-	555	-	-	555
<u>Expenses</u>					
Ending balance	\$ 19,366	\$ 16,605	\$ 13,756	\$ -	\$ 49,727

11. CHANGES IN INTERNALLY RESTRICTED OPERATING FUNDS

	Operating Funds		2023	2022
Balance - beginning of year	\$	57,465	\$ 57,465	\$ 56,520
Revenue - donations		850	850	945
Balance - end of year	\$	58,315	\$ 58,315	\$ 57,465

**CANADIAN ARTISTS REPRESENTATION SASKATCHEWAN / FRONT DES ARTISTES
CANADIENS SASKATCHEWAN INC.**

**Revenues
(Schedule 1)**

Year Ended August 31, 2023

	2023	2022
GRANTS		
Saskatchewan Lotteries - Operational	\$ 372,500	\$ 368,650
Saskatchewan Arts Board - CISO	10,000	-
	<u>382,500</u>	<u>368,650</u>
SELF-GENERATED		
Donations	40,000	-
Interest	3,608	1,257
Membership fees	15,850	13,890
Other	-	15
Sales	20	-
Workshops and conferences	100	-
	<u>59,578</u>	<u>15,162</u>
	<u>\$ 442,078</u>	<u>\$ 383,812</u>

The accompanying notes form an integral part of these financial statements

**CANADIAN ARTISTS REPRESENTATION SASKATCHEWAN / FRONT DES ARTISTES
CANADIENS SASKATCHEWAN INC.**

**Administration
(Schedule 2)**

Year Ended August 31, 2023

	2023	2022
Accounting fees	\$ 1,897	\$ 1,581
Bank charges	570	471
Insurance	1,639	1,551
Other	-	9
Postage and courier	1,102	2,118
Printing and photocopying	109	119
Professional fees	5,858	5,642
Rent	23,339	23,242
Salaries and benefits	198,261	179,712
Supplies and sundry	3,009	3,745
Telephone and fax	5,825	6,184
Utilities	1,268	1,032
	\$ 242,877	\$ 225,406

**Professional Development
(Schedule 3)**

Year Ended August 31, 2023

	2023	2022
Mentor	\$ 72,530	\$ 64,023
Outreach	6,600	3,053
Project	18,822	967
Seminars and panels	103	1,736
Staff development	1,179	-
Workshops and information sessions	7,066	6,799
	\$ 106,300	\$ 76,578

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**CANADIAN ARTISTS REPRESENTATION SASKATCHEWAN / FRONT DES ARTISTES
CANADIENS SASKATCHEWAN INC.**

**Professional Practice
(Schedule 4)**

Year Ended August 31, 2023

	2023	2022
Advisory notes	\$ 750	\$ 1,000
Advocacy	3,650	2,260
Community initiatives	-	660
Other	359	-
Resource centre	127	169
Survey and research	989	-
	\$ 5,875	\$ 4,089

**Information
(Schedule 5)**

Year Ended August 31, 2023

	2023	2022
Communications development	\$ 157	\$ 2,518
Internet	2,133	1,218
Newsletter	35,148	33,770
Organizational memberships	683	937
Promotion	406	224
Social Networking	280	340
Information - Research	-	1,079
Website	3,369	1,020
	\$ 42,176	\$ 41,106

The accompanying notes form an integral part of these financial statements

**CANADIAN ARTISTS REPRESENTATION SASKATCHEWAN / FRONT DES ARTISTES
CANADIENS SASKATCHEWAN INC.**

**Services
(Schedule 6)**

Year Ended August 31, 2023

	2023	2022
Services - Costs for Resale	\$ 14	\$ -
Member services	916	1,631
Membership development	2,161	1,290
National affiliation	5,094	5,310
	\$ 8,185	\$ 8,231

**Governance
(Schedule 7)**

Year Ended August 31, 2023

	2023	2022
Annual meeting	\$ 522	\$ 1,641
Board and executive travel	4,699	650
Organizational development	7,595	-
Staff travel	5,853	2,431
	\$ 18,669	\$ 4,722

The accompanying notes form an integral part of these financial statements