

**ALBERTA MUSEUMS ASSOCIATION**  
**Financial Statements**  
**Year Ended March 31, 2020**



KINGSTON  
ROSS  
PASNAK<sup>LLP</sup>

CHARTERED PROFESSIONAL ACCOUNTANTS

Suite 1500, 9888 Jasper Avenue NW  
Edmonton, Alberta T5J 5C6  
T. 780.424.3000 | F. 780.429.4817 | W. [krpgroup.com](http://krpgroup.com)

July 20, 2020  
Edmonton, Alberta

## **INDEPENDENT AUDITOR'S REPORT**

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To the Members of Alberta Museums Association

### **Opinion**

We have audited the financial statements of Alberta Museums Association (the Association), which comprise the statement of financial position as at March 31, 2020, and the statements of revenues and expenditures, changes in net assets and cash flow 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 Association as at March 31, 2020, and the results of its operations and cash flow 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 Association 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

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

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Independent Auditor's Report to the Members of Alberta Museums Association  
(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 Association'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 Association'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 Association 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.

  
Kingston Ross Pasmak LLP  
Chartered Professional Accountants

**ALBERTA MUSEUMS ASSOCIATION**  
**Index to Financial Statements**  
**Year Ended March 31, 2020**

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	<b>Page</b>
Independent Auditor's Report	1 - 2
Statement of Financial Position	3
Statement of Operations	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 13
Schedule 1 - Program Expenditures	14

**ALBERTA MUSEUMS ASSOCIATION**  
**Statement of Financial Position**  
**Year Ended March 31, 2020**

	2020					2019
	Unrestricted	Internally Restricted		Externally	Total	Total
	(Note 2)	(Note 2)		Restricted		
	General	Property and	Contingency	(Notes 2, 5)		
Fund	Equipment	Fund				
		Fund	Fund			
<b>ASSETS</b>						
<b>CURRENT</b>						
Cash	\$ 550,172	\$ -	\$ 211,250	\$ 10,000	\$ 771,422	\$ 937,032
Accounts receivable	1,008	-	-	-	1,008	-
Government remittances receivable (Note 3)	10,713	-	-	-	10,713	5,234
Inventory	34,585	-	-	-	34,585	24,404
Prepaid expenses	19,340	-	-	-	19,340	25,124
	615,818	-	211,250	10,000	837,068	991,794
PROPERTY AND EQUIPMENT (Note 4)	-	182,530	-	-	182,530	60,114
	\$ 615,818	\$ 182,530	\$ 211,250	\$ 10,000	\$ 1,019,598	\$ 1,051,908
<b>LIABILITIES AND NET ASSETS</b>						
<b>CURRENT</b>						
Accounts payable and accrued liabilities	\$ 99,775	\$ -	\$ -	\$ -	\$ 99,775	\$ 25,142
Bonus payable	-	-	-	-	-	5,500
Overtime and vacation payable	10,395	-	-	-	10,395	18,049
Government remittances payable (Note 3)	10,001	-	-	-	10,001	12,383
Grants payable	24,973	-	-	-	24,973	26,314
Deferred revenue (Notes 2, 5)	-	-	-	10,000	10,000	6,000
	145,144	-	-	10,000	155,144	93,388
COMMITMENTS (Note 6)						
UNRESTRICTED NET ASSETS	470,674	-	-	-	470,674	691,449
INVESTMENT IN PROPERTY AND EQUIPMENT	-	182,530	-	-	182,530	60,114
CONTINGENCY FUND	-	-	211,250	-	211,250	206,957
	470,674	182,530	211,250	-	864,454	958,520
	\$ 615,818	\$ 182,530	\$ 211,250	\$ 10,000	\$ 1,019,598	\$ 1,051,908

ON BEHALF OF THE BOARD

  
 Executive Director

  
 President

**ALBERTA MUSEUMS ASSOCIATION**  
**Statement of Operations**  
**Year Ended March 31, 2020**

	2020			2019
	Unrestricted	Externally Restricted	Total	Total
<b>REVENUE</b>				
Unrestricted grants	\$ 1,566,000	\$ -	\$ 1,566,000	\$ 1,700,040
Conference	76,080	-	76,080	72,139
Membership fees	50,167	-	50,167	55,970
Workshops, program fees, and publication sales	40,762	-	40,762	58,190
Grants recovered	22,321	-	22,321	2,573
Interest	15,299	-	15,299	22,427
Externally restricted grants	-	11,800	11,800	58,732
Miscellaneous income	9,651	-	9,651	13,439
Contingency fund interest income	4,293	-	4,293	3,681
Donations and fundraising	2,996	-	2,996	3,401
Loss on disposal of property	(18,063)	-	(18,063)	-
	1,769,506	11,800	1,781,306	1,990,592
<b>EXPENDITURES (Schedule 1)</b>				
Grants	821,607	-	821,607	893,204
Strategic services	651,589	-	651,589	679,427
Governance	173,835	-	173,835	140,620
Knowledge development (Note 8)	108,202	11,800	120,002	147,331
Community engagement	31,748	-	31,748	80,117
Organizational capacity	4,213	-	4,213	66,526
	1,791,194	11,800	1,802,994	2,007,225
<b>(Deficiency) excess of revenue over expenditures</b>	\$ (21,688)	\$ -	\$ (21,688)	\$ (16,633)

**ALBERTA MUSEUMS ASSOCIATION**  
**Statement of Changes in Net Assets**  
**Year Ended March 31, 2020**

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	2020				2019
	Unrestricted Net Assets	Investment in Property and Equipment	Contingency Fund	Total	Total
Net assets, beginning of year	\$ 691,449	\$ 60,114	\$ 206,957	\$ <b>958,520</b>	\$ 1,000,752
Excess of expenditures over revenues	(25,981)	-	4,293	<b>(21,688)</b>	(16,633)
Property and equipment additions	(212,857)	212,857	-	-	-
Property and equipment disposals	18,063	(18,063)	-	-	-
Amortization on property and equipment	-	(72,378)	-	<b>(72,378)</b>	(25,599)
<b>Net assets, end of year</b>	<b>\$ 470,674</b>	<b>\$ 182,530</b>	<b>\$ 211,250</b>	<b>\$ 864,454</b>	<b>\$ 958,520</b>

**ALBERTA MUSEUMS ASSOCIATION**  
**Statement of Cash Flows**  
**Year Ended March 31, 2020**

	<u>2020</u>	<u>2019</u>
<b>OPERATING ACTIVITIES</b>		
Excess of expenditures over revenues	\$ (21,688)	\$ (16,633)
Loss on disposal of property and equipment	18,063	-
	<u>(3,625)</u>	<u>(16,633)</u>
Net change in non-cash working capital		
Accounts receivable	(1,008)	540
Government remittances receivable	(5,479)	6,176
Inventory	(10,181)	8,635
Prepaid expense	5,784	8,150
Accounts payable and accrued liabilities	74,633	(12,741)
Bonus payable	(5,500)	(6,500)
Overtime and vacation payable	(7,654)	3,556
Government remittances payable	(2,382)	2,126
Grants payable	(1,341)	3,651
Deferred contribution	4,000	(320,626)
	<u>50,872</u>	<u>(307,033)</u>
Cash flow from (used by) operating activities	<u>47,247</u>	<u>(323,666)</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(212,857)	(35,986)
Decrease in cash and cash equivalents	(165,610)	(359,652)
CASH BEGINNING OF YEAR	<u>937,032</u>	<u>1,296,684</u>
CASH END OF YEAR	<u>\$ 771,422</u>	<u>\$ 937,032</u>
CASH IS COMPRISED OF:		
Cash - General Fund	\$ 550,172	\$ 725,075
Cash - Contingency Fund	211,250	206,957
Cash - Restricted	10,000	5,000
	<u>\$ 771,422</u>	<u>\$ 937,032</u>



## ALBERTA MUSEUMS ASSOCIATION

### Notes to Financial Statements

Year Ended March 31, 2020

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#### 1. PURPOSE OF THE ASSOCIATION

Alberta Museums Association (the "Association") is a not-for-profit organization incorporated provincially under the Societies Act of Alberta in 1971. As a registered charity the Association is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

The Association works to promote understanding, access, and excellence within Alberta's museums for the benefit of society.

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Significant accounting policies observed in the preparation of the financial statements are summarized below.

##### Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit less cheques issued and outstanding.

##### Inventory

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis. During the year ended March 31, 2020, \$4,704 (2019 - \$8,635) of inventory was expensed, included in publications, printing, and design and there were no inventory write downs (2019 - \$nil).

##### Property and equipment

Property and equipment is stated at cost or deemed cost less accumulated amortization and is amortized over its estimated useful life at the following rates and methods:

Website and database	55%	declining balance method
Furniture and fixtures	20%	declining balance method
Computer equipment	45%	declining balance method
Leasehold improvements	10 years	straight-line method

In the year of purchase, amortization on property and equipment is taken at one half of the normal amount.

Property and equipment acquired during the year are not amortized until they are available for use.

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## ALBERTA MUSEUMS ASSOCIATION

### Notes to Financial Statements

Year Ended March 31, 2020

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

##### Revenue recognition

Alberta Museums Association follows the deferral method of accounting for contributions.

Externally restricted grants and related investment income are recognized as revenue in the year in which the related expenses are incurred.

Monies received in advance of services provided are recorded as deferred revenue.

Unrestricted grants are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Membership fees are recognized when payment is received.

Unrestricted investment, miscellaneous, donation and fundraising income is recognized as revenue when earned and collection has been reasonably assured.

Conference revenue is recognized as revenue when the conferences are held.

Workshops, Program Fees, and Publication Sales revenues are recognized at the time that the ownership of product is transferred or service is performed.

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**ALBERTA MUSEUMS ASSOCIATION**  
**Notes to Financial Statements**  
**Year Ended March 31, 2020**

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

Fund accounting

The Association maintains several funds in accordance with the principals of fund accounting. .

- a) The Unrestricted Fund accounts for the Association's administration, awards, grants, board and committee activities as well as conference and seminars. Certain unrestricted research is also accounted for in this fund.
- b) The Property and Equipment Fund reports the assets, liabilities, revenues and expenditures related to the Association's property and equipment.
- c) The Contingency Fund is a Board of Directors approved allocation of net assets, to be used in the event the Association does not receive sufficient funding to continue current operations; and, as a result, must restructure current operations. The Board of Directors feels that, should the Association not be able to continue to operate, the funds retained in the Contingency Fund will provide sufficient liquidity to wind up operations.
- d) The Externally Restricted Fund is used when projects are undertaken as part of an agreement with an External Funding Agency and the use of the money is restricted by the terms and conditions of the underlying agreement. These projects are referred to as Externally Restricted projects.

The Association records all expenses related to these projects in the externally restricted fund and matches these expenses against the revenue provided. Under expenditure will result in a return of surplus funds as per the agreement with the Funding Agency. Over expenditure will be covered by a contributions from the Unrestricted General Fund.

The balance of Externally Restricted projects at March 31, 2020 is summarized in Note 5.

Allocated expenditures

Expenditures which benefit more than one program of the Association are allocated among the functions. Salaries and benefits are allocated amongst the funds based on hours spent. All other operating expenses are allocated amongst funds in accordance to the nature of each expenditure.

Donated services

The functions of the Association are dependent on the voluntary services of many members. The value of donated services is not recognized in these statements as the fair value of these services is difficult to determine.

Income taxes

The Association is a registered charity under the Income Tax Act, and therefore is not subject to either Federal or Provincial income tax.

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**ALBERTA MUSEUMS ASSOCIATION**  
**Notes to Financial Statements**  
**Year Ended March 31, 2020**

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

Financial instruments

All financial instruments are initially measured at fair value, and, unless otherwise noted, the Association subsequently measures its financial instruments at amortized cost.

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. The following amounts are subject to measurement uncertainty: collectability of accounts receivable, useful life of property and equipment and accrual of liabilities. These estimates are periodically reviewed and any necessary adjustments are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

3. GOVERNMENT REMITTANCES RECEIVABLE AND PAYABLE OTHER THAN INCOME TAX

Government remittances (other than income taxes) include, for example, federal sales taxes, payroll taxes and workers' safety insurance premiums. The following government remittances were receivable (payable) at year end:

	2020	2019
<u>Government remittances receivable</u>		
Goods and Service Tax receivable	\$ 10,713	\$ 5,234
 <u>Government remittances payable</u>		
Employee withholdings payable	\$ 10,001	\$ 12,383

4. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Website and database	\$ 392,947	\$ 243,235	\$ 149,712	\$ 559
Furniture and fixtures	70,867	55,474	15,393	15,223
Computer equipment	47,034	32,586	14,448	26,269
Leasehold improvements	3,134	157	2,977	18,063
	\$ 513,982	\$ 331,452	\$ 182,530	\$ 60,114

**ALBERTA MUSEUMS ASSOCIATION**  
**Notes to Financial Statements**  
**Year Ended March 31, 2020**

5. EXTERNALLY RESTRICTED FUNDS

The balance of Externally Restricted projects at March 31, 2020 and 2019 is summarized below:

	<b>2020</b>	2019
Government of Alberta Flood Grant - opening balance	\$ -	\$ 325,626
Interest earned	-	1,077
Grant funding returned to Government of Alberta	-	(326,703)
Subtotal	-	-
<p>Flood Grant contributions were restricted by the Government of Alberta for supporting operations for flood impacts to museums collections. During the prior year, these grants were repaid to the Government of Alberta upon request as no claims were made under the program.</p>		
Museums Assistance Program - opening balance	-	-
Grant funds received	<b>11,800</b>	31,100
Grant revenues recognized	<b>(11,800)</b>	(31,100)
Subtotal	-	-
<p>Museums Assistance Program contributions were restricted by the Minister of Canadian Heritage for the development of tools and documents to assist museum workers and to strengthen their knowledge, skills and practices with respect to key museum functions.</p>		
Environmental programming - opening balance	<b>5,000</b>	-
Government of Alberta Community Initiatives Program grant funds received	-	27,632
Edmonton Community Foundation grant funds received	<b>5,000</b>	5,000
Grant revenues recognized	-	(27,632)
Subtotal	<b>10,000</b>	5,000
<p>Environmental Programming contributions are restricted by the Edmonton Community Foundation for the production of education and awareness tools to assist museums in implementing and pursuing more environmentally sustainable practices.</p>		
Grand total	<b>\$ 10,000</b>	\$ 5,000

**ALBERTA MUSEUMS ASSOCIATION**  
**Notes to Financial Statements**  
**Year Ended March 31, 2020**

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6. COMMITMENTS

The Association has a long term lease with respect to its premises. The lease contains renewal options and provides for payment of utilities and maintenance costs. Future minimum lease payments as at March 31, 2020, are as follows:

2021	\$	40,320
2022		40,703
2023		41,405
2024		41,532
2025		42,938
Thereafter		<u>229,514</u>
	\$	<u>436,412</u>

7. ROBERT R. JANES AWARD

Robert R. Janes Award for Social Responsibility was established with funding donated from an individual member, and additional donations from individuals. The award is administered by the Association and paid out in eligible amounts of \$3,000 per year. The award is currently funded to run until the end of 2024 after which time the Association will evaluate the continuation of this award initiative. During the year, \$3,000 (2019 - \$3,000) was paid out.

8. RELATED PARTY TRANSACTIONS

During the year, \$2,625 (2019 - \$3,100) included in knowledge development as program costs was paid to Board Members for instructing services and peer reviews.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

9. DISBURSEMENT QUOTA

The calculated disbursement quota for 2021 is \$17,080; (2020 - \$19,566). The quota is based on a 24 month average of the assets not directly used in charitable activities or administration multiplied by the required disbursement quota rate of 3.5%.

10. ECONOMIC DEPENDENCE

The Association receives the majority of its funding from the Ministry of Culture, Multiculturalism and Status of Women. A loss of this funding could have a material impact on the Association's operations. Management expects the grant to be maintained in the future.

## **ALBERTA MUSEUMS ASSOCIATION**

### **Notes to Financial Statements**

**Year Ended March 31, 2020**

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#### 11. COVID-19

The recent outbreak of the Coronavirus Disease 2019, or COVID-19, has spread across the globe and is impacting worldwide economic activity. This global pandemic poses the risk that the Association or its clients, employees, contractors, suppliers, and other partners may be unable to conduct regular business activities for an indefinite period of time. While it is not possible at this time to estimate the impact that COVID-19 could have on the Association's business, the continued spread of COVID-19 and the measures taken by the federal, provincial and municipal governments to contain its impact could adversely impact the Association's financial condition or results of operations. Specifically, the ability for members to operate and the ability for the Association to obtain regular funding. The extent to which the COVID-19 outbreak impacts the Association's results will depend on future developments that are highly uncertain and cannot be predicted, including new information that may emerge concerning the spread of the virus and government actions.

**ALBERTA MUSEUMS ASSOCIATION**  
**Schedule of Program Expenditures**  
**Year Ended March 31, 2020**

(Schedule 1)

	2020							2019
	Grants	Strategic Services	Knowledge Development	Governance	Organizational capacity	Community Engagement	Total	Total
EXPENDITURES								
Grants	\$ 816,211	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 816,211	\$ 886,259
Salaries and benefits	-	395,002	-	93,892	-	-	488,894	515,239
Program costs	5,076	7,615	119,629	38,007	3,866	4,313	178,506	278,496
Rent	-	134,612	-	-	-	-	134,612	127,375
Travel and hospitality	-	19,452	-	17,076	-	-	36,528	42,650
Professional fees	-	14,107	-	16,349	-	-	30,456	28,588
Supplies and services	-	30,203	-	-	-	-	30,203	26,318
Publications, printing and design	-	-	-	-	-	27,375	27,375	32,243
Office expenses	320	23,356	373	2,703	347	60	27,159	36,178
Insurance	-	4,292	-	4,650	-	-	8,942	8,874
Bank charges and interest	-	8,659	-	-	-	-	8,659	8,071
Equipment rental	-	6,949	-	-	-	-	6,949	5,833
Professional development	-	4,176	-	1,158	-	-	5,334	8,811
Memberships and subscriptions	-	3,166	-	-	-	-	3,166	2,290
	\$ 821,607	\$ 651,589	\$ 120,002	\$ 173,835	\$ 4,213	\$ 31,748	\$ 1,802,994	\$ 2,007,225