

ALBERTA MUSEUMS ASSOCIATION
Financial Statements
Year Ended March 31, 2021

ALBERTA MUSEUMS ASSOCIATION
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Year Ended March 31, 2021

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July 23, 2021

Edmonton, Alberta

INDEPENDENT AUDITOR'S REPORT

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, 2021, 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, 2021, 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.

Emphasis of Matter

We draw your attention to Note 9 to the financial statements, which explains that certain comparative information presented for the year end March 31, 2020 has been restated. Our opinion is not modified in respect of this matter.

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.

(continues)

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

Kingston Ross Pasmak LLP

Chartered Professional Accountants

ALBERTA MUSEUMS ASSOCIATION
Statement of Financial Position
Year Ended March 31, 2021

	2021					2020
	Unrestricted	Internally Restricted		Externally	Total	Total
	(Note 2)	(Note 2)		Restricted (Notes 2, 3)		
General Fund	Capital assets Fund	Contingency Fund				
ASSETS						
CURRENT						
Cash	\$ 595,608	\$ -	\$ 212,557	\$ 42,638	\$ 850,803	\$ 771,422
Accounts receivable	10,450	-	-	-	10,450	1,008
Goods and Services Tax receivable	4,776	-	-	-	4,776	10,713
Inventory	34,585	-	-	-	34,585	34,585
Prepaid expenses	8,396	-	-	-	8,396	19,340
	653,815	-	212,557	42,638	909,010	837,068
PROPERTY AND EQUIPMENT (Note 4)	-	22,925	-	-	22,925	32,819
INTANGIBLE ASSETS (Note 5)	-	67,370	-	-	67,370	149,711
	\$ 653,815	\$ 90,295	\$ 212,557	\$ 42,638	\$ 999,305	\$ 1,019,598
LIABILITIES AND NET ASSETS						
CURRENT						
Accounts payable and accrued liabilities	\$ 23,519	\$ -	\$ -	\$ -	\$ 23,519	\$ 99,775
Bonus payable	8,000	-	-	-	8,000	-
Overtime and vacation payable	11,633	-	-	-	11,633	10,395
Employee withholdings payable	8,760	-	-	-	8,760	10,001
Grants payable	11,066	-	-	-	11,066	24,973
Deferred revenue (Notes 2)	13,412	-	-	42,638	56,050	10,000
	76,390	-	-	42,638	119,028	155,144
CANADA EMERGENCY BUSINESS ACCOUNT LOAN (Note 6)	30,000	-	-	-	30,000	-
	106,390	-	-	42,638	149,028	155,144
COMMITMENTS (Note 7)						
UNRESTRICTED NET ASSETS	547,425	-	-	-	547,425	470,674
INVESTMENT IN CAPITAL ASSETS	-	90,295	-	-	90,295	182,530
CONTINGENCY FUND	-	-	212,557	-	212,557	211,250
	547,425	90,295	212,557	-	850,277	864,454
	\$ 653,815	\$ 90,295	\$ 212,557	\$ 42,638	\$ 999,305	\$ 1,019,598

ON BEHALF OF THE BOARD

Maxine Paterson

Executive Director

B. Seck

President

ALBERTA MUSEUMS ASSOCIATION
Statement of Operations
Year Ended March 31, 2021

	2021			2020
	Unrestricted	Externally Restricted	Total	Total (Restated - Note 9)
REVENUE				
Unrestricted grants	\$ 1,078,000	\$ -	\$ 1,078,000	\$ 1,566,000
Externally restricted grants	-	177,707	177,707	11,800
Government subsidies (Note 6)	168,652	-	168,652	-
Membership fees	48,355	-	48,355	50,167
Conference	21,709	-	21,709	76,080
Workshops, program fees, and publication sales	12,347	-	12,347	40,762
Donations and fundraising	5,893	-	5,893	2,996
Grants recovered	4,100	-	4,100	22,321
Interest	3,966	-	3,967	15,299
Miscellaneous income	2,655	-	2,655	9,651
Contingency fund interest income	1,307	-	1,307	4,293
Loss on disposal of property	-	-	-	(18,063)
	<u>1,346,984</u>	<u>177,707</u>	<u>1,524,692</u>	<u>1,781,306</u>
EXPENDITURES (Schedule 1)				
Grants	607,826	-	607,826	821,607
Strategic services	511,038	-	511,038	651,589
Community engagement	11,117	107,464	118,581	31,748
Governance	114,228	-	114,228	173,835
Organizational capacity	3,684	59,196	62,880	4,213
Knowledge development (Note 8)	21,034	11,047	32,081	120,002
	<u>1,268,927</u>	<u>177,707</u>	<u>1,446,634</u>	<u>1,802,994</u>
Excess (deficiency) of revenue over expenses before amortization	78,057	-	78,058	(21,688)
OTHER EXPENSES				
Amortization (Note 9)	92,235	-	92,235	72,378
Deficiency of revenue over expenditures	<u>\$ (14,178)</u>	<u>\$ -</u>	<u>\$ (14,177)</u>	<u>\$ (94,066)</u>

ALBERTA MUSEUMS ASSOCIATION
Statement of Changes in Net Assets
Year Ended March 31, 2021

	2021				2020
	Unrestricted Net assets	Investment in Capital assets	Contingency Fund	Total	Total
Net assets, beginning of year	\$ 470,674	\$ 182,530	\$ 211,250	\$ 864,454	\$ 958,520
Excess of expenditures over revenues	76,751	(92,235)	1,307	(14,177)	(94,066)
Net assets, end of year	\$ 547,425	\$ 90,295	\$ 212,557	\$ 850,277	\$ 864,454

ALBERTA MUSEUMS ASSOCIATION
Statement of Cash Flows
Year Ended March 31, 2021

	2021	2020
OPERATING ACTIVITIES		
Excess of expenditures over revenues	\$ (14,177)	\$ (94,066)
Amortization	92,235	\$ 72,378
Forgivable portion of the Canada Emergency Business Account loan	(10,000)	-
Loss on disposal of property and equipment	-	18,063
	68,058	(3,625)
Net change in non-cash working capital		
Accounts receivable	(9,443)	(1,008)
Government remittances receivable	5,937	(5,479)
Inventory	-	(10,181)
Prepaid expense	10,945	5,784
Accounts payable and accrued liabilities	(76,256)	74,633
Bonus payable	8,000	(5,500)
Overtime and vacation payable	1,238	(7,654)
Government remittances payable	(1,241)	(2,382)
Grants payable	(13,907)	(1,341)
Deferred contribution	46,050	4,000
	(28,677)	50,872
Cash flow from operating activities	39,381	47,247
INVESTING ACTIVITIES		
Purchase of intangible assets	-	(212,857)
FINANCING ACTIVITIES		
Canada Emergency Business Account loan	40,000	-
INCREASE (DECREASE) IN CASH	79,381	(165,610)
CASH BEGINNING OF YEAR	771,422	937,032
CASH END OF YEAR	\$ 850,803	\$ 771,422
CASH IS COMPRISED OF:		
Cash - General Fund	\$ 595,608	\$ 550,172
Cash - Contingency Fund	212,557	211,250
Cash - Restricted	42,638	10,000
	\$ 850,803	\$ 771,422

ALBERTA MUSEUMS ASSOCIATION

Notes to Financial Statements

Year Ended March 31, 2021

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.

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, inventory of \$nil (2020 - \$4,704) was expensed, included in publications, printing, and design and there were no inventory write downs (2020 - \$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:

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.

Intangible assets

The Website and database are being amortized over its estimated useful life at 55% on a declining balance method.

In the year of purchase, amortization on intangible assets is taken at one half of the normal amount.

Intangibles 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, 2021

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

Government assistance

Government assistance for non-capital items is recognized in the current period's net income if the amounts relate to the current period, and is deferred and recognized in a future period's net income if the amounts are for a future period. During the year, the Association received government assistance through the following programs: Canada Emergency Business Account loan and Canada Emergency Wage Subsidy.

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 and payments received in advances are recognized as deferred revenue.

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, 2021

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 Capital assets 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 as at March 31, 2021 is summarized in Note 3.

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.

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.

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ALBERTA MUSEUMS ASSOCIATION
Notes to Financial Statements
Year Ended March 31, 2021

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

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. The following amounts are subject to measurement uncertainty: collectability of accounts receivable, useful life of property and equipment, accrual of liabilities and deferral of revenue. 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. EXTERNALLY RESTRICTED FUNDS

The balance of Externally Restricted projects at March 31, 2021 and 2020 is summarized below:

	2021	2020
Environmental programming - opening balance	\$ 10,000	\$ 5,000
Edmonton Community Foundation grant funds received	5,000	5,000
Grant revenues recognized	(11,047)	-
Subtotal	3,953	10,000

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.

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ALBERTA MUSEUMS ASSOCIATION
Notes to Financial Statements
Year Ended March 31, 2021

3. EXTERNALLY RESTRICTED FUNDS *(continued)*

Strategic Initiatives Component of the Canada Cultural Investment Fund - opening balance	-	-
Grant funds received	146,149	-
Grant revenues recognized	(107,464)	-
Subtotal	38,685	-

The contributions from the Reconsidering Museums program, within the Strategic Initiatives Component of the Canada Cultural Investment Fund, are restricted by the Minister of Canadian Heritage for the rebranding project which will help the national museum community better understand the public's perception of the value of museums, and to develop a clear articulation of the social significance of museums.

Cooperative Investment Program - opening balance	-	-
Grant funds received	59,196	-
Grant revenues recognized	(59,196)	-
Subtotal	-	-

Cooperative Investment Program contributions are restricted by Travel Alberta for the restart of operations and development of new or enhanced experiences based on travel environment and health restrictions in place, which were impacted by COVID-19.

Museums Assistance Program - opening balance	-	-
Grant funds received	-	11,800
Grant revenues recognized	-	(11,800)
Subtotal	-	-

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.

Grand total	\$ 42,638	\$ 10,000
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ALBERTA MUSEUMS ASSOCIATION
Notes to Financial Statements
Year Ended March 31, 2021

4. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Furniture and fixtures	\$ 70,867	\$ 58,553	\$ 12,314	\$ 15,393
Computer equipment	47,034	39,088	7,946	14,448
Leasehold improvements	3,135	470	2,665	2,978
	\$ 121,036	\$ 98,111	\$ 22,925	\$ 32,819

5. INTANGIBLE ASSETS

	2021	2020
Website and database	\$ 392,947	\$ 392,947
Accumulated amortization	(325,577)	(243,236)
	\$ 67,370	\$ 149,711

6. GOVERNMENT ASSISTANCE

During the year, the Government of Canada passed legislation offering subsidies to employers in order to assist with wage costs to help support business during COVID-19 pandemic. The Association benefited from the Canada Emergency Wage Subsidy (CEWS) for remuneration between April and March for \$158,652 and is included in government subsidies.

The Association also received a Canada Emergency Business Account loan (CEBA) in the amount of \$40,000, which bears no interest and is forgivable in the amount of \$10,000 if repaid by December 31, 2022. If the loan is not repaid by December 31, 2022, the loan will bear interest at 5% annually as of January 1, 2023 with the full due no later than December 31, 2025.

The Association expects to comply with the terms for forgiveness, therefore the forgivable portion of \$10,000 has been recognized into income this year as government subsidies.

ALBERTA MUSEUMS ASSOCIATION
Notes to Financial Statements
Year Ended March 31, 2021

7. 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, 2021, are as follows:

2022	\$	40,703
2023		41,405
2024		41,532
2025		42,938
2026		43,194
Thereafter		<u>186,320</u>
	\$	<u>396,092</u>

8. RELATED PARTY TRANSACTIONS

During the year, \$nil (2020 - \$2,625) 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. RESTATEMENT

During the year, management determined that amortization expense should be included in the Statement of Operations. This change has been applied retrospectively to the March 31, 2020 fiscal year, which has resulted in an increase of \$72,378 to the deficiency of revenue over expenses. The restatement did not result in any change to the Statement of Financial Position or Statement of Changes in Net Assets.

10. 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 2026 after which time the Association will evaluate the continuation of this award initiative. During the year, \$3,000 (2020 - \$3,000) was paid out.

11. DISBURSEMENT QUOTA

The calculated disbursement quota for 2021 is \$15,073; (2020 - \$17,080). 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%.

ALBERTA MUSEUMS ASSOCIATION

Notes to Financial Statements

Year Ended March 31, 2021

12. 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.

13. COVID-19

The Coronavirus Disease 2019, or COVID-19, has spread across the globe and continues to impact worldwide economic activity. This global pandemic poses the risk that the Association or its clients, employees, contractors, suppliers, and other partners may experience periodic interruptions to their regular business activities. While it is not possible at this time to estimate the impact that COVID-19 could have on the Association's business, in the coming fiscal year, the continued spread of the virus 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 the association's members to continue to operate, many have had to close their doors, as well as the ability for the Association to obtain regular funding due to many businesses who were required to shut their doors and the shift in government spending. The extent to which the COVID-19 outbreak will continue to impact the Association's results will depend on future developments that are highly uncertain and cannot be predicted at this time.

14. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

ALBERTA MUSEUMS ASSOCIATION
Schedule of Program Expenditures
Year Ended March 31, 2021

(Schedule 1)

	2021							2020
	Grants	Strategic Services	Knowledge Development	Governance	Organizational capacity	Community Engagement	Total	Total
EXPENDITURES								
Grants	\$ 607,019	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 607,019	\$ 816,211
Salaries and benefits	-	316,923	-	93,853	-	-	410,776	488,894
Program costs	700	36,135	31,978	-	1,800	111,559	182,172	178,506
Rent	-	90,885	-	-	-	-	90,885	134,612
Publications, printing and design	-	-	-	-	60,992	6,960	67,952	27,375
Professional fees	-	12,761	-	16,849	-	-	29,610	30,456
Office expenses	107	14,638	103	38	88	62	15,036	27,159
Supplies and services	-	13,610	-	-	-	-	13,610	30,203
Insurance	-	4,274	-	3,460	-	-	7,734	8,942
Equipment rental	-	5,989	-	-	-	-	5,989	6,949
Bank charges and interest	-	5,594	-	-	-	-	5,594	8,659
Travel and hospitality	-	5,046	-	(62)	-	-	4,984	36,528
Memberships and subscriptions	-	3,325	-	-	-	-	3,325	3,166
Professional development	-	1,858	-	90	-	-	1,948	5,334
	\$ 607,826	\$ 511,038	\$ 32,081	\$ 114,228	\$ 62,880	\$ 118,581	\$ 1,446,634	\$ 1,802,994