

ALBERTA MUSEUMS ASSOCIATION
Financial Statements
Year Ended March 31, 2022

ALBERTA MUSEUMS ASSOCIATION
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Year Ended March 31, 2022

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July 22, 2022
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, 2022, 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, 2022, 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.

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.

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

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 Pasnak LLP
Kingston Ross Pasnak LLP
Chartered Professional Accountants

ALBERTA MUSEUMS ASSOCIATION
Statement of Financial Position
Year Ended March 31, 2022

	2022					2021
	Unrestricted	Internally Restricted		Externally	Total	Total
	(Note 2)	(Note 2)		Restricted (Notes 2, 3)		
General Fund	Capital assets Fund	Contingency Fund				
ASSETS						
CURRENT						
Cash	\$ 914,869	\$ -	\$ 213,729	\$ 14,624	\$ 1,143,222	\$ 850,803
Accounts receivable	66,751	-	-	-	66,751	10,450
Goods and Services Tax receivable	6,051	-	-	-	6,051	4,776
Inventory	31,019	-	-	-	31,019	34,585
Prepaid expenses	9,969	-	-	-	9,969	8,396
	1,028,659	-	213,729	14,624	1,257,012	909,010
PROPERTY AND EQUIPMENT (Note 4)	-	21,599	-	-	21,599	22,925
INTANGIBLE ASSETS (Note 5)	-	30,316	-	-	30,316	67,370
	\$ 1,028,659	\$ 51,915	\$ 213,729	\$ 14,624	\$ 1,308,927	\$ 999,305
LIABILITIES AND NET ASSETS						
CURRENT						
Accounts payable and accrued liabilities	\$ 83,110	\$ -	\$ -	\$ -	\$ 83,110	\$ 23,519
Bonus payable	-	-	-	-	-	8,000
Overtime and vacation payable	15,574	-	-	-	15,574	11,633
Employee withholdings payable	12,788	-	-	-	12,788	8,760
Grants payable	19,108	-	-	-	19,108	11,066
Deferred revenue (Notes 3)	-	-	-	14,624	14,624	56,050
	130,580	-	-	14,624	145,204	119,028
CANADA EMERGENCY BUSINESS ACCOUNT LOAN (Note 6)	30,000	-	-	-	30,000	30,000
	160,580	-	-	14,624	175,204	149,028
COMMITMENTS (Note 7)						
UNRESTRICTED NET ASSETS	868,079	-	-	-	868,079	547,425
INVESTMENT IN CAPITAL ASSETS	-	51,915	-	-	51,915	90,295
CONTINGENCY FUND	-	-	213,729	-	213,729	212,557
	868,079	51,915	213,729	-	1,133,723	850,277
	\$ 1,028,659	\$ 51,915	\$ 213,729	\$ 14,624	\$ 1,308,927	\$ 999,305

ON BEHALF OF THE BOARD



Executive Director



President

ALBERTA MUSEUMS ASSOCIATION
Statement of Operations
Year Ended March 31, 2022

	2022			2021
	Unrestricted	Externally Restricted	Total	Total
REVENUE				
Unrestricted grants	\$ 1,370,000	\$ -	\$ 1,370,000	\$ 1,078,000
Externally restricted grants	-	270,185	270,185	177,707
Workshops, program fees, and publication sales	237,357	-	237,357	12,347
Government subsidies (Note 6)	205,867	-	205,867	168,652
Membership fees	45,141	-	45,141	48,355
Conference	19,317	-	19,317	21,709
Interest	5,717	-	5,717	3,967
Donations and fundraising	4,235	-	4,235	5,893
Grants recovered	3,245	-	3,245	4,100
Contingency fund interest income	1,172	-	1,172	1,307
Miscellaneous income	200	-	200	2,655
	<u>1,892,251</u>	<u>270,185</u>	<u>2,162,436</u>	<u>1,524,692</u>
EXPENDITURES (Schedule 1)				
Grants	806,033	-	806,033	607,826
Strategic services	600,339	-	600,339	511,038
Community engagement	234,280	-	234,280	118,581
Governance	136,428	-	136,428	114,228
Knowledge development (Note 8)	49,634	-	49,634	32,081
Organizational capacity	7,411	-	7,411	62,880
	<u>1,834,125</u>	<u>-</u>	<u>1,834,125</u>	<u>1,446,634</u>
Excess of revenue over expenses before amortization	58,126	270,185	328,311	78,058
OTHER EXPENSES				
Amortization	44,865	-	44,865	92,235
Excess (deficiency) of revenue over expenditures	<u>\$ 13,261</u>	<u>\$ 270,185</u>	<u>\$ 283,446</u>	<u>\$ (14,177)</u>

ALBERTA MUSEUMS ASSOCIATION
Statement of Changes in Net Assets
Year Ended March 31, 2022

	2022				2021
	Unrestricted Net assets	Investment in Capital assets	Contingency Fund	Total	Total
Net assets, beginning of year	\$ 547,425	\$ 90,295	\$ 212,557	\$ 850,277	\$ 864,454
Excess (deficiency) of revenues over expenses	327,139	(44,865)	1,172	283,446	(14,177)
Property and equipment additions	(6,485)	6,485	-	-	-
Net assets, end of year	\$ 868,079	\$ 51,915	\$ 213,729	\$ 1,133,723	\$ 850,277

ALBERTA MUSEUMS ASSOCIATION
Statement of Cash Flows
Year Ended March 31, 2022

	<u>2022</u>	<u>2021</u>
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ 283,446	\$ (14,177)
Amortization	44,865	92,235
Forgivable portion of the Canada Emergency Business Account loan	-	(10,000)
	<u>328,311</u>	<u>68,058</u>
Net change in non-cash working capital		
Accounts receivable	(56,301)	(9,443)
Government remittances receivable	(1,275)	5,937
Inventory	3,566	-
Prepaid expense	(1,573)	10,945
Accounts payable and accrued liabilities	59,591	(76,256)
Bonus payable	(8,000)	8,000
Overtime and vacation payable	3,941	1,238
Government remittances payable	4,028	(1,241)
Grants payable	8,042	(13,907)
Deferred contribution	(41,426)	46,050
	<u>(29,407)</u>	<u>(28,677)</u>
Cash flow from operating activities	<u>298,904</u>	<u>39,381</u>
INVESTING ACTIVITIES		
Purchase of equipment	(6,485)	-
FINANCING ACTIVITIES		
Canada Emergency Business Account loan	-	40,000
INCREASE IN CASH	<u>292,419</u>	<u>79,381</u>
CASH BEGINNING OF YEAR	<u>850,803</u>	<u>771,422</u>
CASH END OF YEAR	<u>\$ 1,143,222</u>	<u>\$ 850,803</u>
CASH IS COMPRISED OF:		
Cash - General Fund	\$ 914,869	\$ 595,608
Cash - Contingency Fund	213,729	212,557
Cash - Restricted	14,624	42,638
	<u>\$ 1,143,222</u>	<u>\$ 850,803</u>

ALBERTA MUSEUMS ASSOCIATION

Notes to Financial Statements

Year Ended March 31, 2022

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 \$3,566 (2021 - \$nil) was expensed, included in publications, printing, and design and there were no inventory write downs (2021 - \$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, 2022

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 Canada Emergency Wage Subsidy (CEWS).

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, 2022

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, 2022 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 arm's length financial instruments are initially measured at fair value, and, unless otherwise noted, the Association subsequently measures its financial instruments at amortized cost.

The measurement basis for related party financial instruments is disclosed in Note 8.

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ALBERTA MUSEUMS ASSOCIATION
Notes to Financial Statements
Year Ended March 31, 2022

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, 2022 and 2021 is summarized below:

	2022	2021
Environmental programming - opening balance	\$ 3,953	\$ 10,000
Edmonton Community Foundation grant funds received	-	5,000
City of Edmonton CCLP	700	-
Grant revenues recognized	(2,135)	(11,047)
Subtotal	2,518	3,953

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, 2022

3. EXTERNALLY RESTRICTED FUNDS *(continued)*

	2022	2021
Strategic Initiatives Component of the Canada Cultural Investment Fund - opening balance	38,685	-
Grant funds received	90,020	146,149
Grant funds receivable	42,993	-
Grant revenues recognized	(171,698)	(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.

Community Initiatives Program (CIP) - Alberta Culture, Multiculturalism and Status of Women - opening balance	-	-
Grant funds received	45,258	-
Grant revenues recognized	(45,258)	-
Subtotal	-	-

Multiculturalism and Status of Women contributions are restricted by the Government of Alberta, Minister of Culture, for the reconsidering museums phase 2: rebrand development initiative.

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ALBERTA MUSEUMS ASSOCIATION
Notes to Financial Statements
Year Ended March 31, 2022

3. EXTERNALLY RESTRICTED FUNDS *(continued)*

	2022	2021
Museum Assistance Program (MAP), Canadian Heritage Learning and Digitization - opening balance	-	-
Grant funds received	46,950	-
Grant revenues recognized	(34,844)	-
Subtotal	12,106	-
<p>Canadian Heritage Learning and Digitization contributions are 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>		
Alberta Jobs Now - opening balance	-	-
Grant funds received	16,250	-
Grant revenues recognized	(16,250)	-
Subtotal	-	-
<p>Alberta Jobs Now contributions are restricted by Alberta Labour and Immigration to hire new staff.</p>		
Grand total	\$ 14,624	\$ 42,638

4. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Furniture and fixtures	\$ 70,867	\$ 61,016	\$ 9,851	\$ 12,314
Computer equipment	53,519	44,123	9,396	7,946
Leasehold improvements	3,136	784	2,352	2,664
	\$ 127,522	\$ 105,923	\$ 21,599	\$ 22,924

ALBERTA MUSEUMS ASSOCIATION
Notes to Financial Statements
Year Ended March 31, 2022

5. INTANGIBLE ASSETS

	2022	2021
Website and database	\$ 392,947	\$ 392,947
Accumulated amortization	(362,631)	(325,577)
	\$ 30,316	\$ 67,370

6. GOVERNMENT ASSISTANCE

During the year, the Government of Canada passed legislation offering wage cost subsidies to employers to help support businesses during the COVID-19 pandemic. The Association benefited from the Canada Emergency Wage Subsidy (CEWS) in the amount of \$205,867, which is included in government subsidies.

In prior year, the Association 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, 2023. If the loan is not repaid by December 31, 2023, the loan will bear interest at 5% annually as of January 1, 2024 with the full amount due no later than December 31, 2025. The 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.

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, 2022, are as follows:

2023	\$ 44,381
2024	44,508
2025	45,914
2026	46,170
2027	48,237
Thereafter	<u>140,315</u>
	<u>\$ 369,525</u>

8. RELATED PARTY TRANSACTIONS

During the year, \$1,250 (2021 - \$nil) included in knowledge development as program costs was paid to Board Members for instructing services and peer reviews.

The transactions with related parties are measured at cost, which is equal to the undiscounted cash flows received, or expected to be received, not including expected interest and dividends, less any previously recognized impairment losses.

ALBERTA MUSEUMS ASSOCIATION

Notes to Financial Statements

Year Ended March 31, 2022

9. 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 (2021 - \$3,000) was paid out.

10. DISBURSEMENT QUOTA

The calculated disbursement quota for 2022 is \$22,225; (2021 - \$15,073). 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%.

11. 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
Schedule of Program Expenditures
Year Ended March 31, 2022

(Schedule 1)

	2022							2021
	Grants	Strategic Services	Knowledge Development	Governance	Organizational capacity	Community Engagement	Total	Total
EXPENDITURES								
Grants	\$ 803,741	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 803,741	\$ 607,019
Salaries and benefits	-	407,895	-	94,031	-	-	501,926	410,776
Program costs	2,150	48,545	49,541	-	3,500	226,014	329,750	182,172
Rent	-	90,605	-	-	-	-	90,605	90,885
Professional fees	-	12,069	-	35,513	-	-	47,582	29,610
Supplies and services	-	13,391	-	-	-	-	13,391	13,610
Publications, printing and design	-	-	-	-	3,745	8,262	12,007	67,952
Office expenses	142	9,360	93	165	166	4	9,930	15,036
Insurance	-	1,499	-	5,549	-	-	7,048	7,734
Bank charges and interest	-	5,813	-	-	-	-	5,813	5,594
Professional development	-	3,918	-	1,094	-	-	5,012	1,948
Equipment rental	-	4,943	-	-	-	-	4,943	5,989
Memberships and subscriptions	-	2,898	-	-	-	-	2,898	3,325
Travel and hospitality	-	(597)	-	76	-	-	(521)	4,984
	\$ 806,033	\$ 600,339	\$ 49,634	\$ 136,428	\$ 7,411	\$ 234,280	\$ 1,834,125	\$ 1,446,634