

ALBERTA MUSEUMS ASSOCIATION
Financial Statements
Year Ended March 31, 2018

ALBERTA MUSEUMS ASSOCIATION
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Year Ended March 31, 2018

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July 23, 2018
Edmonton, Alberta

INDEPENDENT AUDITOR'S REPORT

To the Members of Alberta Museums Association

We have audited the accompanying financial statements of Alberta Museums Association, which comprise the statement of financial position as at March 31, 2018, and the statement of operations, changes in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Alberta Museums Association as at March 31, 2018 and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

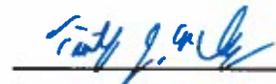
Kingston Ross Pasmak LLP
Kingston Ross Pasmak LLP
Chartered Professional Accountants

ALBERTA MUSEUMS ASSOCIATION
Statement of Financial Position
Year Ended March 31, 2018

	2018						2017
	Unrestricted	Internally Restricted		Externally	Total	Total	
	(Note 2)	(Note 2)		Restricted			
	General	Property and	Contingency	(Note 2)			
Fund	Equipment	Fund		Total	Total		
ASSETS							
CURRENT							
Cash	\$ 767,782	\$ -	\$ 203,276	\$ 325,626	\$ 1,296,684	\$ 1,452,891	
Accounts receivable	540	-	-	-	540	12,694	
Government remittances receivable (Note 3)	11,410	-	-	-	11,410	4,797	
Inventory	33,039	-	-	-	33,039	-	
Prepaid expenses	33,274	-	-	-	33,274	12,011	
	846,045	-	203,276	325,626	1,374,947	1,482,393	
PROPERTY AND EQUIPMENT (Note 4)	-	49,727	-	-	49,727	68,231	
	\$ 846,045	\$ 49,727	\$ 203,276	\$ 325,626	\$ 1,424,674	\$ 1,550,624	
LIABILITIES AND NET ASSETS							
CURRENT							
Accounts payable and accrued liabilities	\$ 37,883	\$ -	\$ -	\$ -	\$ 37,883	\$ 31,382	
Bonus Payable	12,000	-	-	-	12,000	-	
Overtime and vacation payable	14,493	-	-	-	14,493	13,040	
Government remittances payable (Note 3)	10,257	-	-	-	10,257	9,781	
Grants payable	22,663	-	-	-	22,663	30,675	
Deferred revenue (Note 2)	1,000	-	-	325,626	326,626	557,639	
	98,296	-	-	325,626	423,922	642,517	
COMMITMENTS (Note 5)							
UNRESTRICTED NET ASSETS	747,749	-	-	-	747,749	638,835	
INVESTMENT IN PROPERTY AND EQUIPMENT	-	49,727	-	-	49,727	68,231	
CONTINGENCY FUND	-	-	203,276	-	203,276	201,041	
	747,749	49,727	203,276	-	1,000,752	908,107	
	\$ 846,045	\$ 49,727	\$ 203,276	\$ 325,626	\$ 1,424,674	\$ 1,550,624	

ON BEHALF OF THE BOARD

 Executive Director

 President

ALBERTA MUSEUMS ASSOCIATION
Statement of Operations
Year Ended March 31, 2018

	2018			2017
	Unrestricted	Externally Restricted	Total	Total
REVENUE				
Unrestricted grants	\$ 1,700,040	\$ -	\$ 1,700,040	\$ 1,700,040
Externally restricted grants	-	299,270	299,270	866,198
Conference	115,535	-	115,535	66,660
Workshops, program fees, and publication sales	67,940	-	67,940	35,059
Membership fees	52,320	-	52,320	55,564
Interest	13,059	-	13,059	3,595
Miscellaneous income	10,783	-	10,783	10,552
Grants recovered	9,699	-	9,699	10,410
Donations and fundraising (Note 6)	7,237	-	7,237	2,770
Contingency fund interest income	2,235	-	2,235	1,341
Loss on disposal of equipment	-	-	-	(865)
	<u>1,978,848</u>	<u>299,270</u>	<u>2,278,118</u>	<u>2,751,324</u>
EXPENDITURES (Schedule 1)				
Grants	852,503	-	852,503	880,743
Strategic services	655,619	-	655,619	633,318
Museum Flood Funding Program	-	184,861	184,861	857,784
Knowledge development	113,290	81,370	194,660	121,016
Governance	147,246	-	147,246	131,105
Organizational capacity	76,222	-	76,222	2,529
Community engagement	52,699	-	52,699	28,769
	<u>1,897,579</u>	<u>266,231</u>	<u>2,163,810</u>	<u>2,655,264</u>
Excess of revenues over expenses	<u>\$ 81,269</u>	<u>\$ 33,039</u>	<u>\$ 114,308</u>	<u>\$ 96,060</u>

ALBERTA MUSEUMS ASSOCIATION
Statement of Changes in Net Assets
Year Ended March 31, 2018

	2018					2017
	Unrestricted Net Assets	Investment in Property and Equipment	Contingency Fund	Externally Restricted	Total	Total
Net assets, beginning of year	\$ 638,835	\$ 68,231	\$ 201,041	\$ -	\$ 908,107	\$ 833,387
Excess of revenues over expenditures	79,034	-	2,235	33,039	114,308	96,060
Property and equipment additions	(3,159)	3,159	-	-	-	-
Amortization on property and equipment	-	(21,663)	-	-	(21,663)	(21,340)
Transfer from externally restricted	33,039	-	-	(33,039)	-	-
Net assets, end of year	\$ 747,749	\$ 49,727	\$ 203,276	\$ -	\$ 1,000,752	\$ 908,107

ALBERTA MUSEUMS ASSOCIATION
Statement of Cash Flows
Year Ended March 31, 2018

	<u>2018</u>	<u>2017</u>
OPERATING ACTIVITIES		
Excess of revenues over expenditures		
Unrestricted	\$ 112,073	\$ 94,719
Internally restricted	2,235	1,341
Realized loss on disposal of assets	-	865
	<u>114,308</u>	<u>96,925</u>
Net change in non-cash working capital		
Accounts receivable	12,156	9,131
Government remittances receivable	(6,613)	5,381
Inventory	(33,039)	-
Prepaid expense	(21,263)	2,318
Accounts payable and accrued liabilities	6,499	7,218
Bonus payable	12,000	-
Overtime and vacation payable	1,453	6,095
Government remittances payable	476	(2,141)
Grants payable	(8,012)	(2,058)
Deferred contribution	(231,013)	(1,326,873)
	<u>(267,356)</u>	<u>(1,300,929)</u>
Cash flow used by operating activities	<u>(153,048)</u>	<u>(1,204,004)</u>
INVESTING ACTIVITIES		
Purchase of property and equipment	(3,159)	(18,696)
Decrease in cash and cash equivalents	(156,207)	(1,222,700)
CASH AND CASH EQUIVALENTS BEGINNING OF YEAR	1,452,891	2,675,591
CASH AND CASH EQUIVALENTS END OF YEAR	<u>\$ 1,296,684</u>	<u>\$ 1,452,891</u>
CASH AND CASH EQUIVALENTS IS COMPRISED OF:		
Cash	\$ 971,058	\$ 901,002
Restricted	325,626	551,889
	<u>\$ 1,296,684</u>	<u>\$ 1,452,891</u>

ALBERTA MUSEUMS ASSOCIATION
Notes to Financial Statements
Year Ended March 31, 2018

1. NATURE OF ASSOCIATION

Alberta Museums Association (the "Association") was incorporated under the Societies Act of Alberta as a not-for-profit organization in 1971 and is a registered charity under 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 (ASNPO). 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, 2018, \$675 of inventory was expensed (2017 - \$nil) and there were no inventory write downs (2017 - \$nil).

Property and equipment

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

Leasehold improvements	10 years	straight-line method
Furniture and fixtures	20%	declining balance method
Computer equipment	45%	declining balance method
Website and database	55%	declining balance 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 but not placed into use are not amortized until they are placed into use.

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ALBERTA MUSEUMS ASSOCIATION
Notes to Financial Statements
Year Ended March 31, 2018

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

Revenue recognition

The 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 dues are recognized when payment is received.

Unrestricted investment income is recognized as revenue when earned.

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.

Research and development

The Association annually incurs costs on activities that relate to research and development of new products. Research and development costs are expensed except in cases where development costs meet certain identifiable criteria for deferral. Deferred development costs are amortized over the life of the commercial production, or in the case of serviceable property and equipment, are included in the appropriate property group and are depreciated over its estimated useful life.

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ALBERTA MUSEUMS ASSOCIATION
Notes to Financial Statements
Year Ended March 31, 2018

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

Fund accounting

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.

The Property and Equipment Fund reports the assets, liabilities, revenues and expenditures related to the Association's property and equipment.

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.

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, 2018 and 2017 is summarized below:

	2018	2017
Government of Alberta Flood Grant - opening balance	\$ 537,645	\$ 1,884,512
Interest earned	5,881	10,917
Grant revenues recognized	(217,900)	(857,784)
Grant funding returned to Government	-	(500,000)
Government of Alberta Flood Grant - closing balance	325,626	537,645
Museums Assistance Program - opening balance	14,244	-
Grant funds received	66,126	22,658
Grant revenues recognized	(80,370)	(8,414)
Museums Assistance Program - closing balance	-	14,244
Total deferred grant revenue	\$ 325,626	\$ 551,889

(continues)

ALBERTA MUSEUMS ASSOCIATION
Notes to Financial Statements
Year Ended March 31, 2018

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

Flood Grant contributions are restricted by the Government of Alberta for supporting operations for flood impacts to museum collections. Museums Assistance Program 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.

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.

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. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates. Significant management estimates pertain to estimates on collectability of accounts receivable, the useful life of capital assets and accrual of interest income and specific expenses.

3. GOVERNMENT REMITTANCES RECEIVABLE AND PAYABLE OTHER THAN INCOME TAX

Government remittances (other than income taxes) include federal sales taxes, payroll taxes, and workers' safety insurance premiums.

	2018	2017
Government remittances receivable		
Goods and Service Tax receivable	\$ 11,410	\$ 4,797
Government remittances payable		
Employee withholdings payable	\$ (10,257)	\$ (9,781)

ALBERTA MUSEUMS ASSOCIATION
Notes to Financial Statements
Year Ended March 31, 2018

4. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Leasehold improvements	\$ 120,422	\$ 90,317	\$ 30,105	\$ 42,147
Furniture and fixtures	59,207	49,278	9,929	12,411
Computer equipment	19,136	10,685	8,451	10,915
Website and database	186,795	185,553	1,242	2,758
	\$ 385,560	\$ 335,833	\$ 49,727	\$ 68,231

5. COMMITMENTS

The Association has a long term lease with respect to its premises, vehicle and certain office equipment. The minimum commitment of these leases for the next four years is as follows:

2019	\$ 69,378
2020	64,746
2021	3,516
2022	3,516
	<u>\$ 141,156</u>

ALBERTA MUSEUMS ASSOCIATION

Notes to Financial Statements

Year Ended March 31, 2018

6. RELATED PARTY TRANSACTIONS

During the year, \$3,500 (2016 - \$1,500) was paid to Board Members for instructing services and development of curriculum.

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.

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 2021 after which time the Association will evaluate the continuation of this award initiative.

8. DISBURSEMENT QUOTA

The calculated disbursement quota for 2019 is \$18,799; (2018 - \$23,469). 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%

9. ECONOMIC DEPENDENCE

The Association receives the majority of its funding from Alberta Lottery Revenues through the Alberta Historical Resources Foundation. 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, 2018

(Schedule 1)

	2018							2017	
	Grants	Strategic Services	Knowledge Development	Governance	Organizational capacity	Community Engagement	Museum Flood Funding Program	Total	Total
EXPENDITURES									
Grants	\$ 844,875	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 844,875	\$ 1,596,809
Salaries and benefits	-	387,713	-	99,622	-	-	35,802	523,137	523,613
Program costs	7,357	19,437	194,068	-	75,993	28,556	500	325,911	220,188
Publications, printing and design	-	-	-	-	-	24,123	148,310	172,433	23,058
Rent	-	125,400	-	-	-	-	-	125,400	123,985
Travel and hospitality	-	20,881	-	19,357	-	-	-	40,238	35,184
Professional fees	-	19,133	-	15,375	-	-	-	34,508	29,978
Office expenses	271	29,887	592	2,549	229	20	249	33,797	33,305
Supplies and services	-	24,892	-	-	-	-	-	24,892	24,394
Professional development	-	9,115	-	5,843	-	-	-	14,958	12,356
Insurance	-	4,046	-	4,500	-	-	-	8,546	8,199
Equipment rental	-	6,709	-	-	-	-	-	6,709	14,648
Bank charges and interest	-	6,615	-	-	-	-	-	6,615	7,019
Memberships and subscriptions	-	1,791	-	-	-	-	-	1,791	2,528
	\$ 852,503	\$ 655,619	\$ 194,660	\$ 147,246	\$ 76,222	\$ 52,699	\$ 184,861	\$ 2,163,810	\$ 2,655,264