MULTICULTURAL COUNCIL OF SASKATCHEWAN INC.

Financial Statements

Year Ended March 31, 2019

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of Multicultural Council of Saskatchewan Inc. have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of Multicultural Council of Saskatchewan Inc.'s reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Board of Directors is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Finance and Audit Committee. The Finance and Audit Committee is appointed by the Board and meets periodically with management and the members' auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, the Finance and Audit Committee reports to the Board of Directors prior to its approval of the financial statements. The Committee also considers, for review by the Board and approval by the members, the engagement or re-appointment of the external auditors.

The financial statements have been audited on behalf of the members by MWC Chartered Professional Accountants LLP, in accordance with Canadian generally accepted auditing standards.

Executive Director

President

Regina, SK
May 28, 2019

Chartered Professional Accountants LLP

INDEPENDENT AUDITOR'S REPORT

To the Members of Multicultural Council of Saskatchewan Inc.

Qualified Opinion

We have audited the financial statements of Multicultural Council of Saskatchewan Inc. (the Council), which comprise the statement of financial position as at March 31, 2019, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Council as at March 31, 2019 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Council is unable to economically implement controls that will offer assurance on the completeness of partnership contributions and we are unable to satisfy ourselves on amounts reported using other procedures. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Council and we were not able to determine whether any adjustments might be necessary to these revenues, excess of revenues (expenses) and cash flows from operations for the years ended March 31, 2019 or 2018, current assets and net assets as at March 31, 2019 and 2018.

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 Council in accordance with the 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit 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 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.

In preparing the financial statements, management is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Council or to cease operations, or has no realistic alternative but to do so.

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Those charged with governance are responsible for overseeing the Council'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. 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 Council'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 Council'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 Council 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.

MWC LLP

Chartered Professional Accountants

Regina, Saskatchewan
May 28, 2019

MULTICULTURAL COUNCIL OF SASKATCHEWAN INC.

Statement of Financial Position

March 31, 2019

	General Fund	Restricted Funds	2019	2018
ASSETS				
CURRENT				
Cash	$ 299,349	$ 13	**$ 299,362**	$ 381,831
Investments *(Note 4)*	100,282	50,413	**150,695**	-
Accounts receivable	12,881	-	**12,881**	24,826
Goods and services tax recoverable	3,730	-	**3,730**	4,880
Prepaid expenses	7,078	-	**7,078**	347
Interfund balances *(Note 5)*	(16,184)	16,184	**-**	-
	$ 407,136	$ 66,610	**$ 473,746**	$ 411,884
LIABILITIES AND NET ASSETS				
CURRENT				
Accounts payable	$ 52,508	$ -	**$ 52,508**	$ 42,669
Wages payable	7,617	-	**7,617**	27,755
Deferred revenue *(Note 7)*	295,027	-	**295,027**	242,525
	355,152	-	**355,152**	312,949
NET ASSETS	51,984	66,610	**118,594**	98,935
	$ 407,136	$ 66,610	**$ 473,746**	$ 411,884

LEASE COMMITMENTS *(Note 9)*

ON BEHALF OF THE BOARD

Director

Director

See notes to financial statements

MULTICULTURAL COUNCIL OF SASKATCHEWAN INC.

Statement of Operations

Year Ended March 31, 2019

	General Fund	Restricted Funds	**2019**	2018
GRANTS, SPONSORSHIPS, AND DONATIONS				
Saskatchewan Lotteries Trust Fund	$ 504,000	$ -	**$ 504,000**	$ 494,000
Government of Canada	57,394	-	**57,394**	159,250
Sponsorships	14,500	-	**14,500**	500
Government of Saskatchewan	11,969	-	**11,969**	17,500
Foundation grant	300	-	**300**	3,200
Donations	185	-	**185**	6,697
	588,348	-	**588,348**	681,147
SELF-GENERATED				
Education services	20,352	-	**20,352**	15,981
Partnership contributions	10,962	-	**10,962**	16,500
Sales	9,697	-	**9,697**	9,020
Memberships	3,810	-	**3,810**	4,010
Other	1,921	-	**1,921**	1,387
Interest income	281	384	**665**	32
	47,023	384	**47,407**	46,930
	635,371	384	**635,755**	728,077
EXPENSES				
Administration *(Schedule 1)*	329,752	-	**329,752**	343,629
Corporate business *(Schedule 2)*	9,628	-	**9,628**	9,333
Meetings *(Schedule 3)*	22,565	-	**22,565**	28,413
Programs and services *(Schedule 4)*	213,554	39	**213,593**	288,791
Public relations and communication *(Schedule 5)*	40,558	-	**40,558**	38,963
	616,057	39	**616,096**	709,129
EXCESS OF REVENUES (EXPENSES)	$ 19,314	$ 345	**$ 19,659**	$ 18,948

See notes to financial statements

MULTICULTURAL COUNCIL OF SASKATCHEWAN INC.

Statement of Changes in Net Assets

Year Ended March 31, 2019

	General Fund	Restricted Funds (Note 8)	**2019**	2018
NET ASSETS - BEGINNING OF YEAR	$ 42,670	$ 56,265	**$ 98,935**	$ 79,987
Excess of revenues (expenses)	19,314	345	**19,659**	18,948
Transfer	(10,000)	10,000	**-**	-
NET ASSETS - END OF YEAR	$ 51,984	$ 66,610	**$ 118,594**	$ 98,935

See notes to financial statements

MULTICULTURAL COUNCIL OF SASKATCHEWAN INC.

Statement of Cash Flows

Year Ended March 31, 2019

	2019	2018
OPERATING ACTIVITIES		
Excess revenues (expenses)	**$ 19,659**	$ 18,948
Items not affecting cash:		
Amortization of capital assets	**-**	5,125
Reinvested earnings on investments	**(491)**	-
	19,168	24,073
Changes in non-cash working capital:		
Accounts receivable	**11,945**	(19,336)
Accounts payable	**9,839**	(4,213)
Deferred revenue	**52,502**	5,275
Prepaid expenses	**(6,731)**	6,145
Goods and services tax recoverable	**1,150**	367
Wages payable	**(20,138)**	4,503
	48,567	(7,259)
Cash flow from operating activities	**67,735**	16,814
INVESTING ACTIVITY		
Purchase of investments	**(150,204)**	-
Cash flow from (used by) investing activity	**(150,204)**	-
INCREASE (DECREASE) IN CASH FLOW	**(82,469)**	16,814
CASH - BEGINNING OF YEAR	**381,831**	365,017
CASH - END OF YEAR	**$ 299,362**	$ 381,831

See notes to financial statements

MULTICULTURAL COUNCIL OF SASKATCHEWAN INC.

Notes to Financial Statements

Year Ended March 31, 2019

1. PURPOSE OF THE COUNCIL

Multicultural Council of Saskatchewan Inc. (the "Council") is a not-for-profit organization incorporated provincially under the Non-profit Corporations Act of Saskatchewan. As a registered charity the Council is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

The Council serves Saskatchewan through various programs that raise awareness of the benefits of cultural diversity and the dangers of racism.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Revenue recognition

The Council follows the restricted method of accounting for contributions, which includes grants, sponsorships, and donations.

General fund restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Other restricted contributions are recognized as revenue of the applicable restricted fund in the year they are received or receivable.

Investment income is recognized as revenue in the year in which the revenue is earned.

Self-generated activities are recognized as revenue when the services are provided.

Net assets

a) The General fund reports the day-to-day operations of the Council.

b) The Internally Restricted fund is restricted by the Board of Directors to provide for the future sustainability of the Council in the event of changes in funding. These funds can only be used upon approval by the Board and they have approved an annual transfer of $10,000 from any surplus earned by the General fund in the year.

c) The Sarkar Family Fund is externally restricted which requires the original contribution of $6,222 be maintained in perpetuity, unless altered by mutual agreement by the donor and the Council. The capital may be invested and any annual earnings, not used by the Council for costs of administering the fund, are to be distributed to recognize and support activities in the area of community reconciliation through respect and sharing.

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

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives at the following rates and methods:

Leasehold improvements	3 years	straight-line method

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Financial assets including cash, investments, and accounts receivable are reported at amortized cost.

Financial liabilities including accounts payable and accrued liabilities are measured at amortized cost.

3. ECONOMIC DEPENDENCE

The Council is economically dependent on the grant revenue from the Saskatchewan Lotteries Trust Fund (Sask Lotteries) and should this funding substantially change, management is of the opinion that continuing operations would be significantly impacted.

4. INVESTMENTS

	2019	2018
General Fund		
Term deposit matures May 2019, interest 1.55%	**$ 100,282**	$ -
Restricted Fund		
Term deposit matures July 2020, interest at 2.30%	**50,413**	-
	$ 150,695	$ -

5. INTERFUND BALANCES

Interfund balances arises from temporary timing differences from the activities of the funds and for annual transfers. Interfund balances bear no interest and have no set repayment terms.

6. CAPITAL ASSETS

	Cost	Accumulated amortization	**2019 Net book value**	2018 Net book value
Leasehold improvements	$ 15,375	$ 15,375	**$ -**	$ -

7. DEFERRED REVENUE

	2019	2018
Sask Lotteries - annual funding advance	**$ 242,000**	$ 242,000
Government of Canada - program funding	**51,102**	-
Sponsorship	**1,500**	-
Memberships	**425**	525
	$ 295,027	$ 242,525

8. RESTRICTED FUNDS

	Internally Restricted Fund	Sarkar Family Fund	**2019**	2018
Net assets - beginning of year	$ 50,043	$ 6,222	**$ 56,265**	$ 40,010
Excess revenue (expenses)	384	(39)	**345**	6,255
Transfer	10,000	-	**10,000**	10,000
	$ 60,427	$ 6,183	**$ 66,610**	$ 56,265

9. LEASE COMMITMENTS

The Council has a two-year lease with respect to its premises. The lease contains renewal options and future minimum lease payments as at March 31, 2019, are as follows:

2020	$ 24,600
2021	4,100
	$ 28,700

10. FINANCIAL INSTRUMENTS

The Council is exposed to various risks through its financial instruments and management is responsible to monitor, evaluate and manage these risks. The following analysis provides information about the Council's risk exposure and concentration as of March 31, 2019.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Council is exposed to credit risk from members and customers. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Council has numerous customers and therefore there is no concentration of credit risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Council is exposed to this risk mainly in respect of its receipt of funds from its funders, members, and customers, and for the settlement of accounts payable and commitments.

Unless otherwise noted, it is management’s opinion that the Council is not exposed to significant other price risks arising from these financial instruments.

11. CORRESPONDING FIGURES

The corresponding financial statement figures have been reclassified to conform to the current year's presentation. There has been no change to previously reported total assets, liabilities, net assets, revenues, or expenses as a result of the format reclassification.

MULTICULTURAL COUNCIL OF SASKATCHEWAN INC.

Administration Expenses *(Schedule 1)*

Year Ended March 31, 2019

	General Fund	Restricted Funds	**2019**	2018
Staff salaries and benefits	$ 278,925	$ -	**$ 278,925**	$ 295,569
Office	50,827	-	**50,827**	42,935
Amortization of capital assets	-	-	**-**	5,125
	$ 329,752	$ -	**$ 329,752**	$ 343,629

Corporate Business Expenses *(Schedule 2)*

Year Ended March 31, 2019

	General Fund	Restricted Funds	**2019**	2018
Audit and accounting services	$ 8,641	$ -	**$ 8,641**	$ 8,377
Insurance	617	-	**617**	585
Legal	15	-	**15**	15
Memberships	355	-	**355**	356
	$ 9,628	$ -	**$ 9,628**	$ 9,333

Meetings Expenses *(Schedule 3)*

Year Ended March 31, 2019

	General Fund	Restricted Funds	**2019**	2018
Annual general meetings	$ 8,361	$ -	**$ 8,361**	$ 7,357
Board and staff development	3,593	-	**3,593**	1,872
Board meetings	6,955	-	**6,955**	13,835
Membership meetings	569	-	**569**	744
Staff travel	3,087	-	**3,087**	4,605
	$ 22,565	$ -	**$ 22,565**	$ 28,413

See notes to financial statements

MULTICULTURAL COUNCIL OF SASKATCHEWAN INC.

Programs and Services Expenses *(Schedule 4)*

Year Ended March 31, 2019

	General Fund	Restricted Funds	**2019**	2018
Education initiatives	$ 17,137	$ -	**$ 17,137**	$ 10,008
Member development	3,501	-	**3,501**	940
Multicultural events	3,554	-	**3,554**	804
Intercultural connections	17,059	-	**17,059**	21,822
Regional multicultural councils	11,000	-	**11,000**	14,000
March 21 activities	51,102	-	**51,102**	35,269
Sask multicultural week	17,084	-	**17,084**	19,458
Strategic initiatives	70,000	-	**70,000**	35,300
Partnership projects	8,560	-	**8,560**	4,407
Welcoming and inclusive communities	-	-	**-**	135,951
Youth leadership activities	7,606	-	**7,606**	10,832
Anti-racism	6,951	39	**6,990**	-
	$ 213,554	$ 39	**$ 213,593**	$ 288,791

Public Relations and Communication Expenses *(Schedule 5)*

Year Ended March 31, 2019

	General Fund	Restricted Funds	**2019**	2018
Multifaith calendar	$ 5,722	$ -	**$ 5,722**	$ 5,951
Advertising and promotion	15,766	-	**15,766**	10,129
Sponsorship	17,100	-	**17,100**	22,000
Website and social media	1,970	-	**1,970**	883
	$ 40,558	$ -	**$ 40,558**	$ 38,963

See notes to financial statements