

**COMMUNITY ARTS COUNCIL  
OF PRINCE GEORGE & DISTRICT**

**FINANCIAL STATEMENTS  
(Unaudited)**

**May 31, 2016**

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## REVIEW ENGAGEMENT REPORT

To the Members of  
Community Arts Council of Prince George & District

We have reviewed the statement of financial position of Community Arts Council of Prince George & District as at May 31, 2016, and the statements of operations, changes in net assets, and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures, and discussion of information supplied to us by the society.

A review does not constitute an audit and consequently we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian accounting standards for not-for-profit organizations.

**Schmitz, Anderson & Nielsen**  
Chartered Professional Accountants

Prince George, BC  
September 20, 2016

**COMMUNITY ARTS COUNCIL OF PRINCE GEORGE & DISTRICT**  
**STATEMENT OF OPERATIONS**  
**(Unaudited)**  
**For the year ended May 31, 2016**

	<u>GENERAL FUND</u>		<u>RESTRICTED FUNDS</u>		<u>2016</u>	<u>2015</u>
	<u>Operations</u>		<u>Capital Assets</u>	<u>Other Restricted</u>		
<b>REVENUE</b>						
City of Prince George	\$ 94,747	\$ -	\$ -	\$ -	\$ 94,747	\$ 79,100
B.C. Arts Council	37,170	-	-	-	37,170	21,475
Employment Canada	-	-	-	-	-	4,667
Other Grants	-	-	-	-	-	1,300
Studio Fair	101,461	-	-	-	101,461	91,626
Summer Day Camp	-	-	-	-	-	4,452
Discovery Preschool	-	-	-	-	-	22,374
Gaming	11,000	-	-	-	11,000	24,400
Ticket sales (Note 6)	8,689	-	-	-	8,689	9,835
Artisan Gift Shoppe, net	19,090	-	-	-	19,090	20,183
Artists Market Revenue	-	-	-	-	-	38,149
Airport Mural Project	-	-	-	-	-	12,436
Rentals	47,601	-	-	-	47,601	46,145
Other Programs (Note 6)	26,585	-	-	-	26,585	26,312
Donations	2,051	-	-	-	2,051	238
Memberships	5,479	-	-	-	5,479	5,661
Other income	<u>5,083</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,083</u>	<u>2,506</u>
	<u>358,956</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>358,956</u>	<u>410,859</u>
<b>DIRECT EXPENSES</b>						
Amortization of tangible assets	-	4,035	-	-	4,035	6,886
Classes	18,450	-	-	-	18,450	27,211
Concerts and Events (Note 7)	8,916	-	-	-	8,916	7,886
Discovery Preschool	-	-	-	-	-	21,330
Fundraising (Note 7)	7,264	-	-	-	7,264	45,977
Scholarship	500	-	-	-	500	1,500
Studio Fair	55,391	-	-	-	55,391	48,478
Summer Day Camp	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,656</u>
	<u>90,521</u>	<u>4,035</u>	<u>-</u>	<u>-</u>	<u>94,556</u>	<u>168,924</u>
<b>GROSS PROFIT</b>	268,435	(4,035)	-	-	264,400	241,935
<b>GENERAL AND ADMIN EXPENSES</b>						
Schedule of Expenses - Page 12	<u>283,903</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>283,903</u>	<u>286,818</u>
<b>DEFICIENCY OF REVENUE</b>						
<b>OVER EXPENSES</b>	<u>\$ (15,468)</u>	<u>\$ (4,035)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (19,503)</u>	<u>\$ (44,883)</u>

**COMMUNITY ARTS COUNCIL OF PRINCE GEORGE & DISTRICT**  
**STATEMENT OF FINANCIAL POSITION**  
**(Unaudited)**  
**May 31, 2016**

	ASSETS	
	2016	2015
<b>CURRENT</b>		
Cash	\$ 61,497	\$ 88,412
Accounts receivable	7,743	11,806
Inventory	1,668	512
Prepaid expenses	2,646	3,379
<b>TOTAL CURRENT ASSETS</b>	73,554	104,109
<b>TANGIBLE CAPITAL ASSETS (Note 3)</b>	4,302	8,338
<b>TOTAL ASSETS</b>	<b>\$ 77,856</b>	<b>\$ 112,447</b>
	LIABILITIES	
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 18,858	\$ 20,685
Payroll liabilities	7,517	9,218
Goods and Services Tax payable	618	35
Provincial sales tax payable	329	274
Deferred contributions (Note 5)	51,956	63,545
Unearned revenue	6,574	7,183
<b>TOTAL LIABILITIES</b>	85,852	100,940
	NET ASSETS	
Net assets invested in capital assets	4,302	8,337
Restricted net assets	2,748	2,748
Unrestricted net assets	(15,046)	422
<b>TOTAL NET ASSETS</b>	(7,996)	11,507
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>\$ 77,856</b>	<b>\$ 112,447</b>

Approved on behalf of the Board:

\_\_\_\_\_, Director

\_\_\_\_\_, Director

**COMMUNITY ARTS COUNCIL OF PRINCE GEORGE & DISTRICT**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**(Unaudited)**  
**For the year ended May 31, 2016**

NET ASSETS	<u>GENERAL FUND</u>		<u>RESTRICTED FUNDS</u>		<u>2016</u>	<u>2015</u>
	<u>Operations</u>		<u>Capital Assets</u>	<u>Other Restricted</u>		
Balance, beginning of year	\$ 422	\$	\$ 8,337	\$ 2,748	\$ 11,507	\$ 56,390
Deficiency of revenues over expenses	<u>(15,468)</u>		<u>(4,035)</u>	<u>-</u>	<u>(19,503)</u>	<u>(44,883)</u>
<b>Balance, end of year</b>	<b><u>\$ (15,046)</u></b>	<b>\$</b>	<b><u>4,302</u></b>	<b><u>2,748</u></b>	<b><u>\$ (7,996)</u></b>	<b><u>\$ 11,507</u></b>

Other Restricted Fund balance represented by:

	<u>2016</u>	<u>2015</u>
Internally Restricted:		
Scholarship Fund	\$ 455	\$ 455
Cultural Centre Fund	<u>642</u>	<u>642</u>
	<u>1,097</u>	<u>1,097</u>
Externally Restricted:		
Scholarship Fund	651	651
Signage Fund	<u>1,000</u>	<u>1,000</u>
	<u>1,651</u>	<u>1,651</u>
Total Other Restricted Fund	<u>\$ 2,748</u>	<u>\$ 2,748</u>

**COMMUNITY ARTS COUNCIL OF PRINCE GEORGE & DISTRICT**  
**CASH FLOW STATEMENT**  
(Unaudited)  
For the year ended May 31, 2016

	<u>2016</u>	<u>2015</u>
<b>OPERATING ACTIVITIES</b>		
Cash receipts from funders and patrons	\$ 825,609	\$ 718,928
Cash paid to suppliers and employees	(855,149)	(720,044)
Interest received	<u>2,625</u>	<u>1,865</u>
	(26,915)	749
 <b>INVESTING ACTIVITIES</b>		
Purchase of tangible capital assets:		
- Furniture and equipment	<u>-</u>	<u>(1,109)</u>
 <b>DECREASE IN CASH AND CASH EQUIVALENTS</b>	(26,915)	(360)
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>88,412</u>	<u>88,772</u>
 <b>CASH AND CASH EQUIVALENTS, end of year</b>	<b><u>\$ 61,497</u></b>	<b><u>\$ 88,412</u></b>
 Represented by cash and equivalents of:		
General Fund	\$ 58,361	\$ 85,310
Other Restricted Funds	<u>3,136</u>	<u>3,102</u>
	<b><u>\$ 61,497</u></b>	<b><u>\$ 88,412</u></b>

**COMMUNITY ARTS COUNCIL OF PRINCE GEORGE & DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**(Unaudited)**  
**May 31, 2016**

**1. PURPOSE OF THE NOT-FOR-PROFIT ORGANIZATION**

The Community Arts Council of Prince George and District was incorporated as a society on April 24, 1970 under the laws of British Columbia. The purpose of the society is to support, encourage and promote the arts in Prince George, BC and District.

**2. ACCOUNTING POLICIES**

These financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

- a) These financial statements have been prepared on the basis of accounting principles applicable to a going concern. The society's ability to continue as a going concern is dependent on the continued support of the members of the community and various levels of government.
- b) The accounts of the society are maintained in accordance with the principles of restricted fund accounting. Under restricted fund accounting, resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose.

The General Fund accounts for the society's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

The Cultural Centre Fund reports externally restricted contributions to be donated to the building of a cultural facility within the District of Prince George.

The Capital Asset Fund reports the assets, liabilities, revenues and expenses related to the society's capital assets.

The Scholarship Fund reports only a term deposit set aside by the Board of Directors to be used in special circumstances where the General Fund is unable to fund the annual School District No. 57 scholarships

- c) The society records purchased tangible capital assets at cost. Contributed tangible capital assets are recorded at fair value at the date of contribution. Amortization is provided, after the year of acquisition, on a straight-line basis over the assets' estimated useful lives, as follows:

Furniture and equipment	3 to 7 years
Leasehold improvements	3 to 10 years

Commencing in 1998, amortization is recognized prospectively in the financial statements in accordance with Canadian generally accepted accounting principles for not-for-profit organizations. Amortization expense is reported in the Capital Assets Fund.

- d) The society is not subject to either federal or provincial income taxes.

**COMMUNITY ARTS COUNCIL OF PRINCE GEORGE & DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**(Unaudited)**  
**May 31, 2016**

- e) Restricted contributions related to general operations are recognized as revenue of the General Fund in the year the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted earnings and contributions are recognized as revenue of the General Fund in the year received or receivable. Revenue where identified with the delivery of services is recognized when services are provided. Membership dues are recognized as revenue in the year for which they are billed. Restricted grant income is deferred until expended for the purpose of the grant.

- f) A substantial number of unpaid volunteers have made significant contributions of their time for the society's programs. Donated services are not recorded in these financial statements.
- g) Financial assets and liabilities are measured initially at fair value, except for certain non-arm's length transactions. Subsequent measurement is at amortized cost. Changes in fair value are recognized in net income.
- h) The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Material measurement uncertainties include estimates of useful lives of capital assets and estimates of collectibility of accounts receivable. The resolution of these uncertainties will be determined by future events.

**3. TANGIBLE CAPITAL ASSETS**

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	
			<u>2016</u>	<u>2015</u>
Furniture and fixtures	\$ 14,218	\$ 11,082	\$ 3,136	\$ 4,727
Leasehold improvements	<u>44,982</u>	<u>43,816</u>	<u>1,166</u>	<u>3,611</u>
	<u>\$ 59,200</u>	<u>\$ 54,898</u>	<u>\$ 4,302</u>	<u>\$ 8,338</u>

**4. GOVERNMENT REMITTANCES**

The amount owing for government remittances other than those accounts that are separately reported in the balance sheet is \$2,695 (2015 - \$4,130). This amount is included in payroll liabilities.



**COMMUNITY ARTS COUNCIL OF PRINCE GEORGE & DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Unaudited)  
**May 31, 2016**

**5. DEFERRED CONTRIBUTIONS**

Deferred contributions represent operating funds received in the current period that are related to the subsequent period. Changes in the deferred contributions balance are as follows:

	<u>2016</u>	<u>2015</u>
Beginning balance	\$ 63,545	\$ 26,000
Amounts recognized as revenue in the year	(63,545)	(26,000)
Amounts received related to next year	<u>51,956</u>	<u>63,545</u>
Ending balance	<u>\$ 51,956</u>	<u>\$ 63,545</u>

**6. SUPPLEMENTAL REVENUE**

	<u>2016</u>	<u>2015</u>
TICKET SALES, NET		
Ticket sales	\$ 415,147	\$ 215,231
Ticket expenses	<u>(406,458)</u>	<u>(205,396)</u>
	<u>\$ 8,689</u>	<u>\$ 9,835</u>

The Community Arts Council receives revenue from ticket sales for various concerts and promotions. These revenues are netted against the expenses associated with the sale of tickets, including wages paid.

**OTHER PROGRAMS**

Alphabet Project	\$ 2,600	\$ -
Art Auction	6,139	5,710
Art Battle	1,935	2,444
Artists in the School	765	-
Art Raffle	1,780	-
Classes	4,840	11,118
Spring Arts Bazaar	<u>8,526</u>	<u>7,040</u>
	<u>\$ 26,585</u>	<u>\$ 26,312</u>

**COMMUNITY ARTS COUNCIL OF PRINCE GEORGE & DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**(Unaudited)**  
**May 31, 2016**

**7. SUPPLEMENTAL DIRECT EXPENSES**

	<u>2016</u>	<u>2015</u>
<b>CONCERTS AND EVENTS</b>		
Alphabet project	\$ 2,600	\$ -
Art Auction Project Expense	3,188	5,319
Art Battle Supplies	1,365	2,273
Arts Gallery of Honor	47	44
Artists in the Schools	900	-
100th Anniversary	<u>816</u>	<u>250</u>
	<u>\$ 8,916</u>	<u>\$ 7,886</u>
<b>FUNDRAISING</b>		
Spring Arts Bazaar	\$ 6,910	\$ 7,085
Canada Winter Games 2015	-	38,592
Other	<u>354</u>	<u>300</u>
	<u>\$ 7,264</u>	<u>\$ 45,977</u>

**8. LEASE COMMITMENTS**

The society has been provided premises for its operations at an annual rent of \$1,000 under a 5 year lease with the City of Prince George, expiring January 31, 2020. Fair market value of the rent is estimated at approximately \$53,100 for the year resulting in the difference being recognized as a grant from the City of Prince George.

**9. REMUNERATION OF DIRECTORS AND OFFICERS**

No direct remuneration was paid or payable by the society to its directors and officers during the year.

**10. FINANCIAL INSTRUMENTS**

The society is exposed to various risks through its financial instruments. The following describes the exposures to those risks, how they arise, any changes in risk exposures from the previous period, and any concentrations of risk. The organization's financial instruments consist of cash, accounts receivable and accounts payable. Unless otherwise noted, it is management's opinion that there are no significant currency, credit or interest risks arising from these financial instruments. The fair values of the financial assets and financial liabilities approximate their carrying values.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The society's main credit risks relate to its accounts receivable. A significant portion of the society's receivables is concentrated in the local geographic area. The society's exposure to credit risk did not change significantly during the year.

**11. COMPARATIVE INFORMATION**

Certain comparative figures have been reclassified to conform with the current year presentation.

**COMMUNITY ARTS COUNCIL OF PRINCE GEORGE & DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**(Unaudited)**  
**May 31, 2016**

**12. ENDOWMENT FUND**

The Community Arts Council has established an Endowment Fund with the Prince George Community Foundation. The purpose of the fund is to sustain the operations of the Community Arts Council as and when required. The Vancouver Foundation has approved a matching contribution to the fund from the BC Arts Renaissance Fund, a BC Government initiative to support the arts in BC. The funds will be held and managed by the Prince George Community Foundation in accordance with the fund creation agreement. The fund balance at May 31, 2016 is \$66,674:

**COMMUNITY ARTS COUNCIL OF PRINCE GEORGE & DISTRICT**  
**SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENSES**  
**(Unaudited)**  
**For the year ended May 31, 2016**

	<u>GENERAL FUND</u>		<u>RESTRICTED FUNDS</u>		<u>2016</u>	<u>2015</u>
	<u>Operations</u>		<u>Capital Assets</u>	<u>Other Restricted</u>		
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>						
Advertising	\$ 354	\$ -	\$ -	\$ -	\$ 354	\$ 1,210
Artisan Gift Shoppe expense	568	-	-	-	568	302
Bad debts	1,873	-	-	-	1,873	-
Bank charges	9,870	-	-	-	9,870	9,245
Contract services	32,277	-	-	-	32,277	27,700
Dues	460	-	-	-	460	333
Equipment rental	2,300	-	-	-	2,300	2,538
Insurance	2,265	-	-	-	2,265	2,219
Maintenance and janitor	6,778	-	-	-	6,778	8,817
Miscellaneous	913	-	-	-	913	1,263
Office and general	3,762	-	-	-	3,762	4,323
Rent	53,347	-	-	-	53,347	52,100
Security	2,609	-	-	-	2,609	2,649
Telephone	4,398	-	-	-	4,398	4,351
Travel	50	-	-	-	50	127
Utilities	22,448	-	-	-	22,448	23,002
Wages and benefits	<u>139,631</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>139,631</u>	<u>146,639</u>
	<u>\$ 283,903</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 283,903</u>	<u>\$ 286,818</u>