

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

**FINANCIAL STATEMENTS
(Unaudited)**

May 31, 2020

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

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

We have reviewed the accompanying financial statements of The Community Arts Council of Prince George & District that comprise the statement of financial position as at May 31, 2020, and the statements 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 private enterprises, 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagement which requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of The Community Arts Council of Prince George & District as at May 31, 2020, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

Schmitz, Anderson & Nielsen

Chartered Professional Accountants

October 6, 2020
Prince George, BC

**THE COMMUNITY ARTS COUNCIL
OF PRINCE GEORGE & DISTRICT
STATEMENT OF FINANCIAL POSITION
(Unaudited)
May 31, 2020**

ASSETS

	<u>2020</u>	<u>2019</u>
CURRENT		
Cash and equivalents	\$ 101,030	\$ 46,907
Cash - restricted (Note 3)	21,220	21,627
Investments (Note 3)	75,366	109,341
Accounts receivable (Note 4)	16,872	7,313
Goods and services tax recoverable	1,666	-
Inventory	2,243	1,376
Prepaid expenses	<u>3,183</u>	<u>3,195</u>
TOTAL CURRENT ASSETS	221,580	189,759
TANGIBLE CAPITAL ASSETS (Note 5)	<u>9,807</u>	<u>6,165</u>
TOTAL ASSETS	<u>\$ 231,387</u>	<u>\$ 195,924</u>

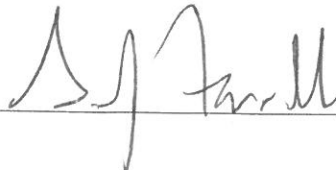
LIABILITIES

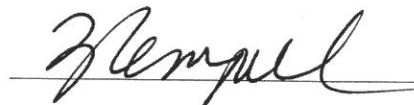
CURRENT		
Accounts payable and accrued liabilities	\$ 12,401	\$ 9,806
Payroll liabilities (Note 6)	9,089	20,822
Goods and services tax payable	-	1,270
Provincial sales tax payable	-	359
Deferred contributions (Note 7)	119,057	98,418
Unearned revenue (Note 8)	<u>5,667</u>	<u>20,900</u>
TOTAL CURRENT LIABILITIES	146,214	151,575
LONG-TERM DEBT (Note 9)	<u>30,000</u>	<u>-</u>
TOTAL LIABILITIES	<u>176,214</u>	<u>151,575</u>

NET ASSETS

Net assets invested in capital assets	9,807	6,165
Restricted net assets (Note 10)	67,876	79,396
Unrestricted net assets	<u>(22,510)</u>	<u>(41,212)</u>
TOTAL NET ASSETS	<u>55,173</u>	<u>44,349</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$ 231,387</u>	<u>\$ 195,924</u>

Approved on behalf of the Board:

 _____, Director

 _____, Director

**THE COMMUNITY ARTS COUNCIL
OF PRINCE GEORGE & DISTRICT
STATEMENT OF CHANGES IN NET ASSETS**

(Unaudited)

For the year ended May 31, 2020

NET ASSETS	Invested in capital assets	Restricted (Note 10)	Unrestricted	Total 2020	Total 2019
Balance, beginning of year	\$ 6,165	\$ 79,396	\$ (41,212)	\$ 44,349	\$ 62,886
Excess (deficiency) of revenues over expenses	(1,483)	(11,520)	23,827	10,824	(18,537)
Investment in capital assets	<u>5,125</u>	<u>-</u>	<u>(5,125)</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 9,807</u>	<u>\$ 67,876</u>	<u>\$ (22,510)</u>	<u>\$ 55,173</u>	<u>\$ 44,349</u>

Other Restricted Fund balance represented by:

	2020	2019
Internally Restricted:		
Scholarship Fund	\$ 455	\$ 455
New Facility Fund	<u>66,770</u>	<u>78,290</u>
Externally Restricted:		
Scholarship Fund	67,225	78,745
Total Other Restricted Fund	<u>651</u>	<u>651</u>
	<u>\$ 67,876</u>	<u>\$ 79,396</u>

See accompanying Notes to Financial Statements

**THE COMMUNITY ARTS COUNCIL
OF PRINCE GEORGE & DISTRICT
STATEMENT OF OPERATIONS
(Unaudited)**

For the year ended May 31, 2020

	<u>GENERAL FUND</u>		<u>RESTRICTED FUNDS</u>			
	<u>Operations</u>	<u>Capital Assets</u>	<u>New Facility</u> (Note 10)	<u>2020</u>	<u>2019</u>	
REVENUE						
City of Prince George (Note 14)	\$ 102,268	\$ -	\$ 23,000	\$ 125,268	\$ 98,117	
B.C. Arts Council	45,750	-	-	45,750	32,014	
Province of BC - Gaming	7,600	-	-	7,600	21,121	
Other grants (Note 12)	6,000	-	34,000	40,000	45,262	
Studio Fair	136,510	-	-	136,510	132,004	
Ticket sales, net	579	-	-	579	486	
Rentals	46,299	-	-	46,299	50,488	
Classes	13,285	-	-	13,285	19,282	
Artisan Gift Shoppe, net	11,368	-	-	11,368	13,242	
Day Camp	4,880	-	-	4,880	3,485	
Spring Arts Bazaar	9,504	-	-	9,504	9,218	
Other programs (Note 13)	7,252	-	-	7,252	32,291	
Donations	5,512	-	4,915	10,427	8,631	
Memberships	5,345	-	-	5,345	5,515	
Other income	38,489	-	3,286	41,775	6,625	
	<u>440,641</u>	<u>-</u>	<u>65,201</u>	<u>505,842</u>	<u>477,781</u>	
DIRECT EXPENSES						
Amortization	-	1,483	-	1,483	1,100	
Artisan Gift Shoppe expense	576	-	-	576	1,404	
Classes	12,675	-	-	12,675	17,566	
Day Camp	3,022	-	-	3,022	4,020	
Programs	24,979	-	-	24,979	57,357	
Scholarship	2,350	-	-	2,350	1,500	
Spring Arts Bazaar	6,589	-	-	6,589	6,350	
Studio Fair	52,274	-	-	52,274	48,757	
Wages and benefits	53,680	-	-	53,680	61,916	
	<u>156,145</u>	<u>1,483</u>	<u>-</u>	<u>157,628</u>	<u>199,970</u>	
GROSS PROFIT	284,496	(1,483)	65,201	348,214	277,811	
GENERAL & ADMIN EXPENSES						
Schedule of Expenses - Page 12	<u>260,669</u>	<u>-</u>	<u>74,514</u>	<u>335,183</u>	<u>288,481</u>	
EARNINGS (DEFICIENCY) FROM OPERATIONS	<u>23,827</u>	<u>(1,483)</u>	<u>(9,313)</u>	<u>13,031</u>	<u>(10,670)</u>	
OTHER ITEMS						
Gain (loss) on sale of investments	-	-	(10)	(10)	(1,437)	
Unrealized decrease in market value of investments	<u>-</u>	<u>-</u>	<u>(2,197)</u>	<u>(2,197)</u>	<u>(6,430)</u>	
	<u>-</u>	<u>-</u>	<u>(2,207)</u>	<u>(2,207)</u>	<u>(7,867)</u>	
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ 23,827</u>	<u>\$ (1,483)</u>	<u>\$ (11,520)</u>	<u>\$ 10,824</u>	<u>\$ (18,537)</u>	

See accompanying Notes to Financial Statements

**THE COMMUNITY ARTS COUNCIL
OF PRINCE GEORGE & DISTRICT
CASH FLOW STATEMENT
(Unaudited)
For the year ended May 31, 2020**

	<u>2020</u>	<u>2019</u>
OPERATING ACTIVITIES		
Cash receipts from funders and patrons	\$ 483,843	\$ 499,641
Cash paid to suppliers and employees	(495,282)	(480,405)
Dividends received	2,515	2,126
Interest received	<u>3,812</u>	<u>4,172</u>
Cash from (used in) operating activities	<u>(5,112)</u>	<u>25,534</u>
FINANCING ACTIVITIES		
Proceeds from long-term debt	40,000	-
Forgiveness of long-term debt	<u>(10,000)</u>	<u>-</u>
Cash from financing activities	<u>30,000</u>	<u>-</u>
INVESTING ACTIVITIES		
Purchase of tangible capital assets:		
- Furniture and fixtures	(5,125)	(4,138)
Purchase of investments	(14,915)	(120,432)
Proceeds from investments	<u>48,868</u>	<u>39,717</u>
Cash from (used in) investing activities	<u>28,828</u>	<u>(84,853)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	53,716	(59,319)
CASH AND CASH EQUIVALENTS, beginning of year	<u>68,534</u>	<u>127,853</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 122,250</u></u>	<u><u>\$ 68,534</u></u>
Cash and cash equivalents consist of:		
Cash and equivalents	\$ 101,030	\$ 46,907
Cash - restricted	<u>21,220</u>	<u>21,627</u>
	<u><u>\$ 122,250</u></u>	<u><u>\$ 68,534</u></u>

**THE COMMUNITY ARTS COUNCIL
OF PRINCE GEORGE & DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
May 31, 2020**

1. 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) 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 organization's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

The New Facility Fund reports internally restricted funds designated for the development of a cultural facility within the District of Prince George.

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

The Scholarship Fund reports funds to be used in special circumstances where the General Fund is unable to fund the annual School District No. 57 scholarship.

- b) Cash and equivalents includes amounts on deposit with financial institutions, and term deposits that mature within 30 days from the date of acquisition.
Cash - restricted includes amounts on deposit with financial institutions which have been internally or externally restricted for a specific purpose.
- c) Inventory is measured at the lower of cost, determined by using the specific identification method, and net realizable value. Inventory recognized in direct expenses amounted to \$Nil (2019 - \$2,052).
- d) Investments are held on deposit with financial institutions and are reported at fair value. Investments consist of cash, term deposits maturing within one year from date of acquisition, and marketable securities.
- e) The organization 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, which for furniture and equipment is 5 years and for leasehold improvements is 10 years. Amortization expense is reported in the Capital Asset Fund.
- f) Restricted contributions related to general operations are recognized as revenue of the General Fund in the year the related expenses are incurred. Restricted grant income is deferred until expended for the purpose of the grant. 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 in which they are billed.

**THE COMMUNITY ARTS COUNCIL
OF PRINCE GEORGE & DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
May 31, 2020**

- g) Volunteers contributed about 680 hours to assist the organization in carrying out its programs. Although the organization does not record in its books of account the value of contributed materials and services, it estimates the fair value of contributed services during the year to be approximately \$13,600.
- h) Financial assets and liabilities are measured initially at cost. Subsequent measurement is at amortized cost, except for investments that are quoted in an active market which are measured at fair value. Changes in fair value are recognized in net income.
- i) 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 tangible capital assets and estimates of collectibility of accounts receivable. The resolution of these uncertainties will be determined by future events.

2. PURPOSE OF THE NOT-FOR-PROFIT ORGANIZATION AND ECONOMIC DEPENDENCY

The Community Arts Council of Prince George and District is a not-for-profit organization incorporated under the laws of British Columbia on April 24, 1970. The organization is registered as a charity under the Canada Income Tax Act and is exempt from income taxes. The organization's mission is to foster the arts by providing events, programs and services to residents and artists in our community. The organization derives nearly 50% of its revenue from donations and funding from various levels of government.

3. RESTRICTED - CASH AND INVESTMENTS

Cash - restricted includes cash which has been internally restricted by the Board for the future building of a cultural facility within the District of Prince George, currently valued at \$4,602 (2019 - \$15,385), and cash received from the Province of BC - Community Gaming Grants externally restricted for use in approved expenses, currently valued at \$16,618 (2019 - \$6,241).

Investments includes securities which have been internally restricted by the Board for the future building of a cultural facility within the District of Prince George.

4. ACCOUNTS RECEIVABLE

	<u>2020</u>	<u>2019</u>
Trade receivables	\$ 16,872	\$ 7,389
Allowance for doubtful accounts	<u>-</u>	<u>(76)</u>
	<u>\$ 16,872</u>	<u>\$ 7,313</u>

**THE COMMUNITY ARTS COUNCIL
OF PRINCE GEORGE & DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
May 31, 2020**

5. TANGIBLE CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	
			<u>2020</u>	<u>2019</u>
Furniture and fixtures	\$ 12,272	\$ 2,465	\$ 9,807	\$ 6,086
Leasehold improvements	<u>787</u>	<u>787</u>	<u>-</u>	<u>79</u>
	<u>\$ 13,059</u>	<u>\$ 3,252</u>	<u>\$ 9,807</u>	<u>\$ 6,165</u>

6. GOVERNMENT REMITTANCES

The amount owing for government remittances other than those accounts that are separately reported in the balance sheet is \$5,071 (2019 - \$6,016). This amount is included in payroll liabilities.

7. DEFERRED CONTRIBUTIONS

Deferred contributions are represented by funding grants received for which related program expenses will be incurred at a later date.

	<u>2019</u>	<u>Funds Received</u>	<u>Included in 2019 revenue</u>	<u>2020</u>
City of Prince George	\$ 50,168	\$ 122,268	\$ 125,268	\$ 47,168
PG Community Foundation	2,500	-	2,500	-
PG Employment Services Society	25,000	-	1,500	23,500
Province of British Columbia - Gaming	-	21,489	7,600	13,889
Province of British Columbia	5,750	61,500	45,750	21,500
Vancouver Foundation	<u>15,000</u>	<u>-</u>	<u>2,000</u>	<u>13,000</u>
	<u>\$ 98,418</u>	<u>\$ 205,257</u>	<u>\$ 184,618</u>	<u>\$ 119,057</u>

8. UNEARNED REVENUE

Unearned revenue is represented by funds received for services to be provided subsequent to the year-end.

	<u>2020</u>	<u>2019</u>
Studio Fair	\$ 4,542	\$ 9,470
Rental income	-	5,604
Gift certificates	531	3,256
Day Camp	-	2,000
Guild donations	594	510
Membership dues	<u>-</u>	<u>60</u>
	<u>\$ 5,667</u>	<u>\$ 20,900</u>

**THE COMMUNITY ARTS COUNCIL
OF PRINCE GEORGE & DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
May 31, 2020**

9. LONG-TERM DEBT

	<u>2020</u>	<u>2019</u>
Canada Revenue Agency Canada Emergency Business Account (CEBA), funded by HSBC Bank Canada - repayable at 0% interest and with a 25% forgiveness if repaid by December 31, 2022. Outstanding balances at January 1, 2023 will convert to a 3 year term loan bearing interest at 5% per annum and must be repaid in full by December 31, 2025.	\$ <u>30,000</u>	\$ <u>-</u>

10. RESTRICTIONS ON NET ASSETS

During the year, the board approved a motion to internally restrict proceeds from the disposal of certain stocks to be used for the future development of a new cultural facility within the District of Prince George. These internally restricted amounts are not available for other purposes without approval of the board of directors.

During the year, the board approved a motion to release \$11,000 from internally restricted funds to pay for cultural facility development costs that were not already provided for with current year funding.

11. ENDOWMENT FUND

The Community Arts Council of Prince George & District 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 of Prince George & District as and when required. 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, 2020 was \$63,395 (2019 - \$69,390).

12. OTHER GRANTS

	<u>2020</u>	<u>2019</u>
City of Prince George	\$ -	\$ 12,433
Vancouver Foundation	2,000	12,000
PG Community Foundation	2,500	6,500
Northern Development Initiatives Trust	-	10,000
Quesnel Employment Services	-	4,329
Heritage Canada	34,000	-
Prince George Employment Services	<u>1,500</u>	<u>-</u>
	\$ <u>40,000</u>	\$ <u>45,262</u>

**THE COMMUNITY ARTS COUNCIL
OF PRINCE GEORGE & DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
May 31, 2020**

13. OTHER PROGRAMS

	<u>2020</u>	<u>2019</u>
NIAC - Aboriginal Art Support	\$ 609	\$ 8,038
Art Auction	-	3,380
Artist's in the School	-	1,050
Art Battle	3,793	4,596
Black and White Ball	100	7,814
Teen Art Workshop	500	-
New Horizons - Healing Arts kits	<u>2,250</u>	<u>7,413</u>
	<u>\$ 7,252</u>	<u>\$ 32,291</u>

14. LEASE COMMITMENTS

The organization has been provided premises for its operations at an annual rent of \$1,000 with the City of Prince George. 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.

15. REMUNERATION OF DIRECTORS AND OFFICERS

During the year, the organization paid directors \$4,948 (2019 - \$4,047) for contract services to provide art programs and to reimburse for art program supplies.

16. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments. The organization's financial instruments consist of cash, accounts receivable, investments and accounts payable. Unless otherwise noted, it is management's opinion that there are no significant currency, interest rate, liquidity, or other price risks arising from these financial instruments. The fair values of the financial instruments 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 organization's main credit risks relate to its accounts receivable. A significant portion of the organization's receivables is concentrated in the local geographic area. The organization's exposure to credit risk did not change significantly during the year.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The organization's main market risk is related to its investment in securities. The organization's exposure to market risk increased during the year due to additional securities investments.

**THE COMMUNITY ARTS COUNCIL
OF PRINCE GEORGE & DISTRICT
SCHEDULE OF GENERAL & ADMIN EXPENSES
(Unaudited)
For the year ended May 31, 2020**

	<u>GENERAL FUND</u>		<u>RESTRICTED FUNDS</u>			
	<u>Operations</u>	<u>Capital Assets</u>	<u>Other Restricted</u> <u>(Note 10)</u>	<u>2020</u>	<u>2019</u>	
GENERAL & ADMIN EXPENSES						
Advertising	\$ 9,736	\$ -	\$ -	\$ 9,736	\$ 15,233	
Bad debts	212	-	-	212	59	
Bank charges	6,810	-	-	6,810	6,336	
Dues and memberships	892	-	-	892	2,030	
Equipment rental	2,096	-	-	2,096	2,730	
Insurance	3,210	-	-	3,210	3,034	
Maintenance and janitor	5,972	-	-	5,972	4,402	
Office and general	5,084	-	-	5,084	5,591	
Professional development	1,660	-	-	1,660	2,869	
Professional fees	9,869	-	-	9,869	10,112	
Rent (Note 14)	53,069	-	-	53,069	53,100	
Security	2,315	-	-	2,315	2,165	
New facility development costs	-	-	74,514	74,514	20,947	
Telephone	6,004	-	-	6,004	3,780	
Utilities	18,088	-	-	18,088	18,664	
Wages and benefits	<u>135,652</u>	<u>-</u>	<u>-</u>	<u>135,652</u>	<u>137,429</u>	
	<u>\$ 260,669</u>	<u>\$ -</u>	<u>\$ 74,514</u>	<u>\$ 335,183</u>	<u>\$ 288,481</u>	