

VISUAL ARTS ALBERTA ASSOCIATION

Index to Financial Statements

Year Ended March 31, 2016

(Unaudited)

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**VISUAL ARTS ALBERTA ASSOCIATION**

**Financial Statements**

**Year Ended March 31, 2016**

*(Unaudited)*

Statement of Financial Position

Statement of Operations

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**VISUAL ARTS ALBERTA ASSOCIATION**

**Index to Financial Statements**

**Year Ended March 31, 2016**

*(Unaudited)*

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August 30, 2016  
Edmonton, Alberta

**REVIEW ENGAGEMENT REPORT**

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To the Members of Visual Arts Alberta Association

We have reviewed the statement of financial position of Visual Arts Alberta Association as at March 31, 2016 and the statements of revenues and expenditures, changes in net assets and cash flow for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of inquiry, analytical procedures and discussion related to information supplied to us by the Association.

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.

*Kingston Ross Pasknak LLP*

**Kingston Ross Pasknak LLP**  
Chartered Professional Accountants

**VISUAL ARTS ALBERTA ASSOCIATION**  
**Statement of Revenues and Expenditures**  
**For the Year Ended March 31, 2016**  
*(Unaudited)*

	2016	2015
<b>REVENUE</b>		
Government funding		
Grants - Provincial	\$ 84,975	\$ 85,462
Grants - Municipal	18,500	18,500
Community Revenue		
Gaming - Casino	37,415	36,892
Earned Revenue		
Membership	17,408	15,240
Program revenue	6,624	6,536
Donations <i>(Note 7)</i>	2,108	2,980
	<b>167,030</b>	<b>165,610</b>
<b>EXPENDITURES</b>		
Programming	92,858	91,059
Administration	64,984	64,786
Volunteer	3,416	4,207
	<b>161,258</b>	<b>160,052</b>
<b>EXCESS OF REVENUE OVER EXPENDITURES FROM OPERATIONS</b>	<b>5,772</b>	<b>5,558</b>
<b>OTHER INCOME</b>		
Small business job credit	345	-
Interest income	195	-
	<b>540</b>	<b>-</b>
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	<b>\$ 6,312</b>	<b>\$ 5,558</b>

**VISUAL ARTS ALBERTA ASSOCIATION**

**Statement of Changes in Net Assets**

**Year Ended March 31, 2016**

*(Unaudited)*

	General Fun	Restrict Fun	2016	2015
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 29,112	\$ 15,000	\$ <b>44,112</b>	\$ 38,554
Excess of revenue over expenditures	6,312	-	<b>6,312</b>	5,558
Internal transfer	(1,195)	1,195	-	-
<b>NET ASSETS - END OF YEAR</b>	\$ 34,229	\$ 16,195	\$ <b>50,424</b>	\$ 44,112

**VISUAL ARTS ALBERTA ASSOCIATION**

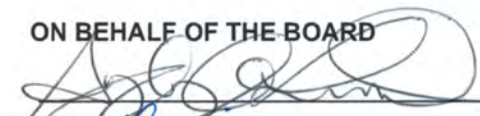
**Statement of Financial Position**

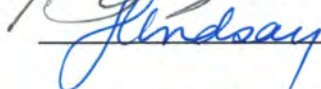
**March 31, 2016**

*(Unaudited)*

	2016	2015
<b>ASSETS</b>		
CURRENT		
Cash (Note 3)	\$ 73,699	\$ 59,475
Guaranteed investment certificates (Note 4)	56,195	15,000
Accounts receivable	345	-
Prepaid expenses	408	819
Goods and Services Tax recoverable	961	500
	<b>\$ 131,608</b>	<b>\$ 75,794</b>
<b>LIABILITIES AND NET ASSETS</b>		
CURRENT		
Accounts payable	\$ 3,61	\$ 4,201
Deferred membership revenue	9,725	7,178
Unexpended casino funds (Note 5)	67,846	20,303
	<b>81,184</b>	<b>31,682</b>
NET ASSETS		
General fun	34,229	29,112
Restricted fun (Note 6)	16,195	15,000
	<b>50,424</b>	<b>44,112</b>
	<b>\$ 131,608</b>	<b>\$ 75,794</b>

**ON BEHALF OF THE BOARD**

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

**VISUAL ARTS ALBERTA ASSOCIATION**

**Statement of Cash Flow**

**Year Ended March 31, 2016**

*(Unaudited)*

	<b>2016</b>	<b>2015</b>
<b>OPERATING ACTIVITIES</b>		
Cash receipts from funders and members	<b>\$ 217,119</b>	\$ 128,073
Cash paid to suppliers and employees	<b>(160,177)</b>	(157,705)
Interest pai	<b>(1,258)</b>	(769)
Goods and Services Tax	<b>(460)</b>	1,502
Cash flow from (used by) operating activities	<b>55,224</b>	(28,899)
<b>INVESTING ACTIVITY</b>		
Purchase of guaranteed investment certificates	<b>(41,000)</b>	(15,000)
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>14,224</b>	(43,899)
CASH - BEGINNING OF YEAR	<b>59,475</b>	103,374
<b>CASH - END OF YEAR</b>	<b>\$ 73,699</b>	\$ 59,475

## **VISUAL ARTS ALBERTA ASSOCIATION**

### **Notes to Financial Statements**

**Year Ended March 31, 2016**

*(Unaudited)*

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#### **1. PURPOSE OF THE ASSOCIATION**

Visual Arts Alberta Association (the "Association") is a not-for-profit organization incorporate provincially under the Societies Act of Alberta on February 16, 1996. As a Provincial Arts Service Organization, the organization is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

The Association is an affiliate for the national arts organization Canadian Artists' Representation/Le Front des Artistes Canadiens (CARFAC) and operates to provide a communications hub between members of the visual arts community and the general public. By partnering with art groups an government, the Association implements programs that promote Alberta art and artists. Through communication, professional development, exhibitions, education and advocacy, the Association works to advance the socio-economic conditions for all visual artists. The Association believes that artists play a vital role in the cultural life of all Albertans.

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements were 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.

##### Revenue recognition

The Association follows the deferral method of accounting for contributions.

Restricted contributions are deferred and recognized as revenue in the year in which the relate expenses are incurred. Contributions are recognized based on the nature of the related restriction.

Unrestricted contributions, including pledges, are recognized as revenue when received or receivable if the amount can be estimated and collection is reasonably assured.

Membership revenue is recognized over the term of the memberships purchased. Deferre membership revenue represents the portion of annual memberships carried over to the subsequent year.

Program revenue is recognized when received, or when receivable, if the amount to be receive can be reasonably estimated and collection is reasonably assured.

##### Property and equipment

Non-profit organizations with average annual gross revenues of \$500,000 or less in the current an preceding years may expense additions to their property and equipment in the year of purchase. As such, additions to property and equipment are expensed in the year of purchase.

*(continues)*



## **VISUAL ARTS ALBERTA ASSOCIATION**

### **Notes to Financial Statements**

**Year Ended March 31, 2016**

*(Unaudited)*

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

##### Donated goods and services

The Association recognizes donated goods and services at their fair value, when it is reasonably determinable, when the goods and services are used in the normal course of operations and when they would otherwise have been purchased. In the current year, the Association did not receive any contributed goods and services that have been recognized in the financial statements (2015 - \$1,632).

##### 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.

##### Allocated expenses

The Association allocates certain of its office and payroll expenses, as well as salaries and wages by identifying the appropriate basis of allocating each component expense, and applies that basis consistently each year. These expenses are allocated on the following basis:

- Executive Director's salaries and wages are allocated based on hours spent on each function
- Office and payroll expenses are allocated based on management's best estimate of their usage across each function

##### Income taxes

The Association is incorporated as a not-for-profit Society and, accordingly, is not liable for income taxes on any excess of revenue over expenditures.

##### 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. Significant estimates include collectability of accounts receivable and allocation of office expenses across functions. Such estimates are periodically reviewed and any adjustments necessary are reported in revenues and expenditures in the period in which they become known. Actual results could differ from these estimates.

## VISUAL ARTS ALBERTA ASSOCIATION

### Notes to Financial Statements

Year Ended March 31, 2016

(Unaudited)

#### 3. CASH AND CASH EQUIVALENTS

	2016	2015
Cash - General account	\$ 45,85	\$ 39,172
Cash - Casino account	27,846	20,303
	<b>\$ 73,699</b>	<b>\$ 59,475</b>

The cash in the Casino account contains the proceeds (net of expenses) from the Casino, which is held once every two years. The funds in the Casino account are externally restricted by the Alberta Gaming and Liquor Commission.

#### 4. GUARANTEED INVESTMENT CERTIFICATES

	2016	2015
GIC - Internally restricte	\$ 16,195	\$ 15,000
GIC - Casino	40,000	-
	<b>\$ 56,195</b>	<b>\$ 15,000</b>

The guaranteed investment certificates bear interest at 0.85% and 1.3% and mature in September and October 2016.

The internally restricted term deposit is restricted for use in the event of an emergency as a contingency fund in which case the fund will be replenished within six months; or in the event that the Association is dissolved, this fund will be used by the liquidator to pay all debts of the Association. The Casino term deposit was purchased with funds from the Casino account and is externally restricted by the Alberta Gaming and Liquor Commission.

#### 5. DEFERRED CASINO REVENUE

	2016	2015
Opening balance	\$ 20,30	\$ 57,195
Receipts from casino pool	84,958	-
Expenditures in the year	(37,415)	(36,892)
Unexpended balance, end of year	<b>\$ 67,846</b>	<b>\$ 20,303</b>

Disbursement of net casino proceeds is subject to restrictions established as part of the licence to operate the casino. Approved use of proceeds includes administration (10%), rent, insurance, promotional activities, membership dues, travel, and certain salaries.

## VISUAL ARTS ALBERTA ASSOCIATION

### Notes to Financial Statements

Year Ended March 31, 2016

(Unaudited)

#### 6. RESTRICTED NET ASSETS

By Motion of the Board, the Association has established a restricted cash reserve to be used either as i) a contingency fund in the event of an emergency, or ii) to pay all debts of the Association in the event that the Association is dissolved.

#### 7. DONATIONS

	2016	2015
Donations	\$ 2,108	\$ 1,348
Donations in-kind	-	1,632
	<u>\$ 2,108</u>	<u>\$ 2,980</u>

The Association receives both cash donations and donations in-kind. Donations in-kind are recognized in the year they are received and are recorded at fair market value.

#### 8. ALLOCATED EXPENSES

The salary of the Executive Director, certain office expenses and payroll expenses are allocated as follows:

		2016		2015
<u>Salaries and wages</u>				
Administration	95%	\$ 43,885	95%	\$ 42,813
Programming	5%	2,310	5%	2,457
<u>Office expenses</u>				
Administration	33%	\$ 2,076	33%	\$ 2,008
Programming	67%	4,15	67%	4,016
<u>Payroll expenses</u>				
Administration	67%	\$ 4,078	67%	\$ 3,861
Programming	33%	2,039	33%	1,931

#### 9. LEASE COMMITMENTS

The Association has a long term lease with respect to its premises. The current lease expires December 31, 2016. The lease contains renewal options and provides for payment of utilities, property taxes and maintenance costs. Future minimum lease payments as at year end are as follows:

2017 \$ 6,318

## **VISUAL ARTS ALBERTA ASSOCIATION**

### **Notes to Financial Statements**

**Year Ended March 31, 2016**

*(Unaudited)*

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#### **10. ECONOMIC DEPENDENCE**

A substantial portion of the Association's operating funds are granted by the Provincial and Municipal arts funding organizations. The Association would likely be unable to continue operations to the extent that it currently does, without this funding and is therefore economically dependent on these Provincial and Municipal arts funding organizations.

#### **11. FINANCIAL INSTRUMENTS**

The Association is exposed to various risks through its financial instruments. The following analysis provides information about the Association's risk exposure and concentration as of March 31, 2016. Unless otherwise noted, the Association's risk exposure has not changed from the prior year.

##### **Credit risk**

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Association is exposed to credit risk from customers, and the maximum exposure to this risk is the carrying value of accounts receivable on the balance sheet. The Association has a significant number of customers which minimizes concentration of credit risk.

##### **Liquidity risk**

Liquidity risk is the risk that the Association will encounter difficulty in meeting its financial obligations as they become due. Cash flow from operations provides a substantial portion of the Association's cash requirements, and additional requirements are met with the use of the available credit facilities.

#### **12. COMPARATIVE FIGURES**

Some of the comparative figures have been reclassified to conform to the current year's presentation.