

VISUAL ARTS ALBERTA ASSOCIATION

Financial Statements

Year Ended March 31, 2015

(Unaudited)

VISUAL ARTS ALBERTA ASSOCIATION

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Year Ended March 31, 2015

(Unaudited)

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September 1, 2015
Edmonton, Alberta

REVIEW ENGAGEMENT REPORT

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, 2015 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.

The prior year comparative figures were reviewed by another accountant.

Kingston Ross Pasnak LLP
Chartered Professional Accountants

VISUAL ARTS ALBERTA ASSOCIATION
Statement of Revenues and Expenditures
For the Year Ended March 31, 2015
(Unaudited)

	2015	2014 <i>(Restated - note 2)</i>
REVENUE		
Government funding		
Grants - Provincial	\$ 85,462	\$ 92,031
Grants - Municipal	18,500	18,500
Community Revenue		
Gaming - Casino	36,892	21,497
Earned Revenue		
Membership	10,380	9,880
Program Revenue	6,536	1,237
Donations <i>(Note 7)</i>	2,980	1,715
	160,750	144,860
EXPENSES		
Administration		
Salaries and benefits	46,674	44,561
Professional fees	4,000	2,700
Memberships	1,000	500
Office, board and travel	7,480	7,855
Interest and bank charges	772	821
Volunteer		
Volunteer Appreciation	4,207	3,588
Programming		
Salaries and benefits	45,729	43,102
Programming	35,664	32,887
Rent and insurance <i>(Note 8)</i>	9,666	9,495
	155,192	145,509
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ 5,558	\$ (649)

VISUAL ARTS ALBERTA ASSOCIATION

Statement of Changes in Net Assets

Year Ended March 31, 2015

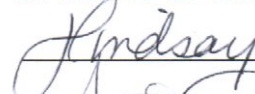
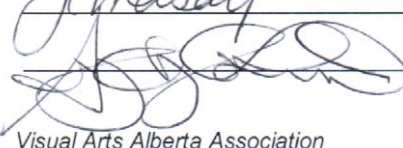
(Unaudited)

	General Fund	Restricted Fund	2015	2014 <i>(Restated - note 2)</i>
NET ASSETS - BEGINNING OF YEAR	\$ 23,554	\$ 15,000	\$ 38,554	\$ 43,190
Restatement of prior years <i>(Note 2)</i>	-	-	-	(3,987)
RESTATEMENT NET ASSETS - BEGINNING	23,554	15,000	38,554	39,203
Excess of revenue over expenses	5,558	-	5,558	(649)
Internal transfer	-	-	-	-
NET ASSETS - END OF YEAR	\$ 29,112	\$ 15,000	\$ 44,112	\$ 38,554

VISUAL ARTS ALBERTA ASSOCIATION**Statement of Financial Position****March 31, 2015***(Unaudited)*

	2015	2014 <i>(Restated - note 2)</i>
ASSETS		
CURRENT		
Cash (Note 4)	\$ 74,475	\$ 103,374
Prepaid expenses	819	819
Goods and Services Tax recoverable	500	2,002
	\$ 75,794	\$ 106,195
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 4,201	\$ 2,623
Deferred membership revenue	7,178	7,823
Unexpended casino funds	20,303	57,195
	31,682	67,641
NET ASSETS		
General fund	29,112	23,554
Restricted fund (Note 6)	15,000	15,000
	44,112	38,554
	\$ 75,794	\$ 106,195

ON BEHALF OF THE BOARD

 _____ Director
 _____ Director

Visual Arts Alberta Association

VISUAL ARTS ALBERTA ASSOCIATION**Statement of Cash Flow****Year Ended March 31, 2015***(Unaudited)*

	2015	2014 <i>(Restated - note 2)</i>
OPERATING ACTIVITIES		
Cash receipts from customers	\$ 123,213	\$ 200,538
Cash paid to suppliers and employees	(152,845)	(144,266)
Interest paid	(769)	(819)
Goods and Services Tax	1,502	(429)
(DECREASE) INCREASE IN CASH FLOW	(28,899)	55,024
CASH - BEGINNING OF YEAR	103,374	48,350
CASH - END OF YEAR	\$ 74,475	\$ 103,374
CASH CONSISTS OF:		
Bank - operating account	\$ 59,475	\$ 103,374
Guaranteed income certificate	15,000	-
	\$ 74,475	\$ 103,374

VISUAL ARTS ALBERTA ASSOCIATION

Notes to Financial Statements

Year Ended March 31, 2015

(Unaudited)

1. PURPOSE OF THE ASSOCIATION

Visual Arts Alberta Association (the "Association") is a not-for-profit organization incorporated 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 and 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. RESTATEMENT OF PRIOR YEARS

- The reduction in the prior year accounts receivable and opening unrestricted net assets arose from an adjustment made to the 2012 net assets for \$1,515. The adjustment was due to amounts that had been previously collected but not recorded properly. There is no impact to the 2014 revenues and expenditures on the statement of operations for this reduction.
 - The increase in the prior year prepaid expenses and opening unrestricted net assets arose from an adjustment made to record prepaid rent for \$702. The adjustment was required as there was no prepaid amount recorded in prior years. There is no impact to the 2014 revenues and expenditures on the statement of operations for this increase.
 - The reduction in the prior year accrued liabilities and opening unrestricted net assets arose from adjustments dating back to 2011 and 2013. The adjustment was due to changes in accounting accruals and expenses paid netting to \$763. This reduction resulted in a decrease to the 2014 net excess of revenue over expenses in the amount of \$562.
 - The increase in the prior year deferred memberships arose from an adjustment to the 2014 deferred membership calculation totaling \$4,412. The adjustment was due to a change in the calculation of deferred memberships as at March 31, 2014 and prior years. This adjustment resulted in an reduction in 2014 membership revenue and the net excess of revenue over expenses in the amount of \$475.
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO) and, in management's opinion, with consideration of materiality and within the framework of the following accounting policies:

(continues)

VISUAL ARTS ALBERTA ASSOCIATION

Notes to Financial Statements

Year Ended March 31, 2015

(Unaudited)

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

Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit plus highly liquid short term investments, less cheques issued and outstanding and net of draws on the operating line of credit. Highly liquid short term investments consist of guaranteed investment certificates with maturities at the date of purchase of less than one year.

Revenue recognition

The Association follows the deferral method of accounting for contributions.

Designated contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions that meet the definition of a liability are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

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

Property and equipment

Non-profit organizations with average annual gross revenues of \$500,000 or less in the current and 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.

Donated Goods, Services and Assets

Donated goods and services and property and equipment are recorded at the amount that the Association would normally pay for such services when the fair value of such goods and services or property and equipment is reasonably determinable.

Financial instruments

The Association's financial instruments consist of cash, accounts receivable, and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Association is not exposed to significant interest, currency, or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values due to their short term maturities.

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VISUAL ARTS ALBERTA ASSOCIATION

Notes to Financial Statements

Year Ended March 31, 2015

(Unaudited)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. 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.

4. CASH AND CASH EQUIVALENTS

	2015	2014
Cash - General account	\$ 39,172	\$ 46,179
Cash - Casino account	20,303	57,195
Term deposit	15,000	-
	\$ 74,475	\$ 103,374

The term deposit bears interest at 1.3% and matures on September 3, 2015.

The term deposit is internally 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 general cash account is unrestricted and used to cover certain operating expenses. 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.

VISUAL ARTS ALBERTA ASSOCIATION**Notes to Financial Statements****Year Ended March 31, 2015***(Unaudited)***5. DEFERRED CASINO REVENUE**

	2015	2014
Opening balance	\$ 57,195	\$ -
Receipts from casino pool	-	78,692
Expenditures in the year	(36,892)	(21,497)
Unexpended balance, end of year	\$ 20,303	\$ 57,195

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.

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

	2015	2014
Donations	\$ 1,348	\$ 1,715
In-kind Donations	1,632	-
	\$ 2,980	\$ 1,715

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

8. LEASE COMMITMENTS

The Association has a long term lease with respect to its premises. The current lease expires December 31, 2015. 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:

2016	\$ 6,318
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VISUAL ARTS ALBERTA ASSOCIATION

Notes to Financial Statements

Year Ended March 31, 2015

(Unaudited)

9. 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.

10. 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, 2015. 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.

11. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation. Prior year comparative figures were reviewed by another accountant.
