

VISUAL ARTS ALBERTA ASSOCIATION

Financial Statements

Year Ended March 31, 2017

(Unaudited)

VISUAL ARTS ALBERTA ASSOCIATION
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Year Ended March 31, 2017
(Unaudited)

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September 6, 2017
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, 2017 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 Pasmak LLP

Chartered Professional Accountants

VISUAL ARTS ALBERTA ASSOCIATION
Statement of Revenues and Expenditures
For the Year Ended March 31, 2017

(Unaudited)

	2017	2016
REVENUE		
Government funding		
Grants - Provincial	\$ 84,488	\$ 84,975
Grants - Municipal	18,500	18,500
Grants - Project	9,500	-
Community revenue		
Gaming - Casino	43,901	37,415
Other revenue		
Membership	16,784	17,408
Program revenue	4,380	6,624
Donations	1,555	2,108
	179,108	167,030
EXPENDITURES		
Programming	103,725	92,858
Administration	65,354	64,984
Volunteer	3,759	3,416
	172,838	161,258
EXCESS OF REVENUE OVER EXPENDITURES FROM OPERATIONS	6,270	5,772
OTHER INCOME		
Interest income	478	195
Small business job credit	377	345
	855	540
EXCESS OF REVENUE OVER EXPENDITURES	\$ 7,125	\$ 6,312

VISUAL ARTS ALBERTA ASSOCIATION

Statement of Changes in Net Assets

Year Ended March 31, 2017

(Unaudited)

	General fund	Internally restricted fund	2017	2016
NET ASSETS - BEGINNING OF YEAR	\$ 34,229	\$ 16,195	\$ 50,424	\$ 44,112
Excess of revenue over expenditures	7,125	-	7,125	6,312
Internal transfer <i>(Note 6)</i>	(500)	500	-	-
NET ASSETS - END OF YEAR	\$ 40,854	\$ 16,695	\$ 57,549	\$ 50,424

VISUAL ARTS ALBERTA ASSOCIATION

Statement of Financial Position

March 31, 2017

(Unaudited)

	2017	2016
ASSETS		
CURRENT		
Cash <i>(Note 3)</i>	\$ 82,271	\$ 73,699
Guaranteed investment certificates <i>(Note 4)</i>	16,695	56,195
Accounts receivable	777	345
Prepaid expenses	387	408
Goods and Services Tax recoverable	420	961
	\$ 100,550	\$ 131,608
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 3,780	\$ 3,613
Deferred membership revenue	8,776	9,725
Deferred restricted contributions <i>(Note 5)</i>	30,445	67,846
	43,001	81,184
NET ASSETS		
General fund	40,854	34,229
Internally restricted fund <i>(Note 6)</i>	16,695	16,195
	57,549	50,424
	\$ 100,550	\$ 131,608

ON BEHALF OF THE BOARD

_____ *Director*

_____ *Director*

VISUAL ARTS ALBERTA ASSOCIATION**Statement of Cash Flow****Year Ended March 31, 2017***(Unaudited)*

	2017	2016
OPERATING ACTIVITIES		
Cash receipts from funders and members	\$ 141,181	\$ 217,119
Cash paid to suppliers and employees	(172,649)	(161,435)
Goods and Services Tax	540	(460)
Cash flow (used by) from operating activities	(30,928)	55,224
INVESTING ACTIVITIES		
Purchase of guaranteed investment certificates	(500)	(41,000)
Proceeds on disposal of guaranteed investment certificates	40,000	-
Cash flow from (used by) investing activities	39,500	(41,000)
INCREASE IN CASH	8,572	14,224
CASH - BEGINNING OF YEAR	73,699	59,475
CASH - END OF YEAR	\$ 82,271	\$ 73,699

VISUAL ARTS ALBERTA ASSOCIATION

Notes to Financial Statements

Year Ended March 31, 2017

(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. 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 related expenses are incurred. Contributions are recognized based on the nature of the related restriction.

Unrestricted contributions, including pledges and donations, 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. Deferred 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 received 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 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.

(continues)

VISUAL ARTS ALBERTA ASSOCIATION

Notes to Financial Statements

Year Ended March 31, 2017

(Unaudited)

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 and prior year, the Association did not receive any contributed goods and services that have been recognized in the financial statements.

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

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, 2017

(Unaudited)

3. CASH AND CASH EQUIVALENTS

	2017	2016
Cash - General account	\$ 58,326	\$ 45,853
Cash - Casino account	23,945	27,846
	\$ 82,271	\$ 73,699

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, and 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.

4. GUARANTEED INVESTMENT CERTIFICATES

	2017	2016
GIC - Internally restricted	\$ 16,695	\$ 16,195
GIC - Casino	-	40,000
	\$ 16,695	\$ 56,195

The guaranteed investment certificate bears interest at 0.40% and matures in October 2017.

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; furthermore, in the event that the Association is dissolved, this fund will be used by the liquidator to pay all debts of the Association. Casino term deposits are purchased with funds from the Casino account and are externally restricted by the Alberta Gaming and Liquor Commission.

VISUAL ARTS ALBERTA ASSOCIATION

Notes to Financial Statements

Year Ended March 31, 2017

(Unaudited)

5. DEFERRED RESTRICTED CONTRIBUTIONS

	2017	2016
Deferred Casino Revenue		
Opening balance	\$ 67,846	\$ 20,303
Receipts from casino pool	-	84,958
Expenditures in the year	(43,901)	(37,415)
	23,945	67,846
Deferred Mentorship Grant Revenue		
Opening balance	-	-
Grant received	16,000	-
Expenditures in the year	(9,500)	-
	6,500	-
Unexpended balance, end of year	\$ 30,445	\$ 67,846

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.

Disbursement of mentorship grant proceeds is subject to restrictions established in the grant agreement letter. Approved use of proceeds includes expenditures incurred to support the Mentoring New Visual Arts pilot project.

6. RESTRICTED NET ASSETS

By Motion of the Board, the Association has established a restricted cash reserve and is required by the grantor, Alberta Foundation for the Arts, to maintain a reserve of 10% of yearly expenditures. The reserve is 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.

During the year, \$500 (2016 - \$195) was transferred from unrestricted funds to the internally restricted reserve.

VISUAL ARTS ALBERTA ASSOCIATION

Notes to Financial Statements

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(Unaudited)

7. ALLOCATED EXPENSES

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

	2017		2016	
<u>Salaries and wages</u>				
Administration	90%	\$ 43,926	95%	\$ 43,885
Programming	10%	4,881	5%	2,310
<u>Office expenses</u>				
Administration	33%	\$ 2,535	33%	\$ 2,076
Programming	67%	5,069	67%	4,153
<u>Payroll expenses</u>				
Administration	67%	\$ 3,987	67%	\$ 4,078
Programming	33%	1,993	33%	2,039

8. 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.

9. 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, 2017. 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 members. 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 and members, which minimizes concentration of credit risk.