

VISUAL ARTS ALBERTA ASSOCIATION
(Operating as CARFAC Alberta)
Financial Statements
Year Ended March 31, 2019
(Unaudited)

VISUAL ARTS ALBERTA ASSOCIATION
(Operating as CARFAC Alberta)
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Year Ended March 31, 2019
(Unaudited)

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September 23, 2019

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

Edmonton, Alberta

To the Members of Visual Arts Alberta Association (Operating as CARFAC Alberta)

We have reviewed the accompanying financial statements of Visual Arts Alberta Association, (Operating as CARFAC Alberta) which comprise the statement of financial position as at March 31, 2019 and the statements of revenues and expenditures, changes in net assets and cash flow 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 Not-for-Profit Organizations, 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 for the Financial Statements

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 engagements, which require 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 these financial statements do not present fairly, in all material respects, the financial position of Visual Arts Alberta Association as at March 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

Kingston Ross Pasnak LLP

Chartered Professional Accountants

VISUAL ARTS ALBERTA ASSOCIATION
(Operating as CARFAC Alberta)
Statement of Revenues and Expenditures
Year Ended March 31, 2019
(Unaudited)

	2019	2018
REVENUE		
Government funding		
Grants - Provincial	\$ 85,818	\$ 84,000
Grants - Municipal	18,500	18,500
Grants - Project (Note 5)	15,500	8,500
Community revenue		
Gaming - Casino (Note 5)	38,248	47,074
Other revenue		
Membership	19,655	17,188
Program revenue	7,975	7,443
Donations (Note 7)	1,200	5,985
	186,896	188,690
EXPENDITURES		
Programming	116,513	111,938
Administration	65,201	64,870
Volunteer	3,917	3,559
	185,631	180,367
EXCESS OF REVENUE OVER EXPENDITURES FROM OPERATIONS	1,265	8,323
INTEREST INCOME	80	67
EXCESS OF REVENUE OVER EXPENDITURES	\$ 1,345	\$ 8,390

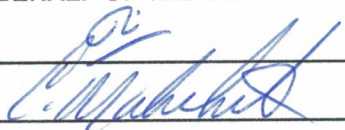
VISUAL ARTS ALBERTA ASSOCIATION
(Operating as CARFAC Alberta)
Statement of Changes in Net Assets
Year Ended March 31, 2019
(Unaudited)


	General Fund	AFA Reserve (Note 6)	Contingency Reserve (Note 6)	2019	2018
NET ASSETS -					
BEGINNING OF					
YEAR	\$ 48,145	\$ 17,795	\$ -	\$ 65,940	\$ 57,550
EXCESS OF REVENUE					
OVER					
EXPENDITURES	1,345	-	-	1,345	8,390
INTERNAL					
TRANSFER (Note 6)	(20,338)	338	20,000	-	-
NET ASSETS - END OF					
YEAR	\$ 29,152	\$ 18,133	\$ 20,000	\$ 67,285	\$ 65,940

VISUAL ARTS ALBERTA ASSOCIATION**(Operating as CARFAC Alberta)****Statement of Financial Position****March 31, 2019***(Unaudited)*

	2019	2018
ASSETS		
CURRENT		
Cash (Note 3)	\$ 79,806	\$ 128,826
Guaranteed investment certificates (Note 4)	-	17,862
Prepaid expenses	473	379
Goods and Services Tax recoverable	462	406
	80,741	147,473
GUARANTEED INVESTMENT CERTIFICATES (Note 4)	18,133	-
	\$ 98,874	\$ 147,473
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 6,311	\$ 3,286
Deferred membership revenue	10,798	10,018
Deferred restricted contributions (Note 5)	14,480	68,229
	31,589	81,533
NET ASSETS		
General fund	29,152	48,145
AFA reserve (Note 6)	18,133	17,795
Contingency reserve (Note 6)	20,000	-
	67,285	65,940
	\$ 98,874	\$ 147,473

ON BEHALF OF THE BOARD

 Director

 Director

See notes to financial statements
Visual Arts Alberta Association

VISUAL ARTS ALBERTA ASSOCIATION***(Operating as CARFAC Alberta)*****Statement of Cash Flow****Year Ended March 31, 2019*****(Unaudited)***

	2019	2018
OPERATING ACTIVITIES		
Cash receipts from funders and members	\$ 134,008	\$ 228,559
Cash paid to suppliers and employees	(182,779)	(180,919)
Goods and Services Tax	(57)	15
Cash flow (used by) from operating activities	(48,828)	47,655
INVESTING ACTIVITY		
Purchase of guaranteed investment certificates	(192)	(1,100)
(DECREASE) INCREASE IN CASH	(49,020)	46,555
CASH - BEGINNING OF YEAR	128,826	82,271
CASH - END OF YEAR	\$ 79,806	\$ 128,826

VISUAL ARTS ALBERTA ASSOCIATION

(Operating as CARFAC Alberta)

Notes to Financial Statements

Year Ended March 31, 2019

(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 and operating as CARFAC Alberta as of September 29, 2018. 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 artist. 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. In the current year, the Association expensed capital additions in the amount of \$1,180 (2018 - \$nil).

(continues)

VISUAL ARTS ALBERTA ASSOCIATION

(Operating as CARFAC Alberta)

Notes to Financial Statements

Year Ended March 31, 2019

(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, the Association received and recognized in the financial statements contributed goods and services valued at \$325 (2018 - \$4,435).

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 earnings in the period in which they become known. Actual results could differ from these estimates.

VISUAL ARTS ALBERTA ASSOCIATION***(Operating as CARFAC Alberta)*****Notes to Financial Statements****Year Ended March 31, 2019***(Unaudited)***3. CASH AND CASH EQUIVALENTS**

	2019	2018
Cash - General account	\$ 60,318	\$ 76,097
Cash - Casino account	14,480	52,729
Cash - Investment savings account	5,008	-
	\$ 79,806	\$ 128,826

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

	2019	2018
GIC - Internally restricted	\$ 18,133	\$ 17,862

The guaranteed investment certificate bears interest at 0.66% and matures November 16, 2021.

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.

VISUAL ARTS ALBERTA ASSOCIATION**(Operating as CARFAC Alberta)****Notes to Financial Statements****Year Ended March 31, 2019***(Unaudited)***5. DEFERRED RESTRICTED CONTRIBUTIONS**

	2019	2018
Deferred Casino Revenue		
Opening balance	\$ 52,729	\$ 23,945
Receipts from casino pool	-	75,876
Expenditures in the year	(38,249)	(47,092)
	14,480	52,729
Deferred Mentorship Grant Revenue		
Opening balance	15,500	6,500
Grant received	-	17,500
Expenditures in the year	(15,500)	(8,500)
	-	15,500
Unexpended balance, end of year	\$ 14,480	\$ 68,229

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 (AFA 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, \$338 (2018 - \$1,167) was transferred from unrestricted funds to the AFA reserve.

By Motion of the Board, the Association has established an internally restricted reserve (Contingency reserve) and is required to maintain a reserve equal to three months of operations (expenditures) based on the previous fiscal year financial statements. The reserve is to be used but not limited to i) to move the Edmonton office should it be required, ii) to establish a presence and a location in Calgary, iii) to increase presence in rural Alberta, and iv) to set up a specialized training fund for key employees.

During the year, \$20,000 (2018 - \$nil) was transferred from unrestricted funds to the Contingency reserve.

VISUAL ARTS ALBERTA ASSOCIATION**(Operating as CARFAC Alberta)****Notes to Financial Statements****Year Ended March 31, 2019***(Unaudited)***7. DONATIONS**

	2019	2018
Donations	\$ 875	\$ 1,550
Donations in-kind	325	4,435
	\$ 1,200	\$ 5,985

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:

		2019		2018
<u>Salaries and wages</u>				
Administration	90%	\$ 45,586	90%	\$ 44,218
Programming	10%	5,065	10%	4,913
<u>Office expenses</u>				
Administration	33%	\$ 2,396	33%	\$ 3,072
Programming	67%	4,793	67%	6,144
<u>Payroll expenses</u>				
Administration	67%	\$ 4,466	67%	\$ 3,709
Programming	33%	2,233	33%	1,855

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.

VISUAL ARTS ALBERTA ASSOCIATION

(Operating as CARFAC Alberta)

Notes to Financial Statements

Year Ended March 31, 2019

(Unaudited)

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, 2019. 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 the concentration of credit risk.