

**VISUAL ARTS ALBERTA ASSOCIATION**  
*(Operating as CARFAC Alberta)*  
**Financial Statements**  
**Year Ended March 31, 2021**  
*(Unaudited)*

**VISUAL ARTS ALBERTA ASSOCIATION**  
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*(Unaudited)*

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September 29, 2021

**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, 2021 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, 2021, 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, 2021**  
*(Unaudited)*

	2021	2020
<b>REVENUE</b>		
<b>Government funding</b>		
Grants - Provincial	\$ 85,818	\$ 85,818
Grants - Municipal (Note 5)	41,510	18,500
Grants - Other	12,400	-
<b>Community revenue</b>		
Gaming - Casino (Note 5)	26,805	36,844
<b>Other revenue</b>		
Membership	16,468	20,690
Program revenue	4,170	9,148
Donations (Note 7)	3,146	11,309
	<b>190,317</b>	<b>182,309</b>
<b>EXPENDITURES</b>		
Programming	106,927	116,431
Administration	68,418	62,759
Volunteer	432	1,850
	<b>175,777</b>	<b>181,040</b>
<b>EXCESS OF REVENUE OVER EXPENDITURES FROM OPERATIONS</b>	<b>14,540</b>	<b>1,269</b>
INTEREST INCOME	14	22
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	<b>\$ 14,554</b>	<b>\$ 1,291</b>

**VISUAL ARTS ALBERTA ASSOCIATION**

*(Operating as CARFAC Alberta)*

**Statement of Changes in Net Assets**

**Year Ended March 31, 2021**

*(Unaudited)*

	General Fund	AFA Reserve (Note 6)	Contingency Reserve (Note 6)	<b>2021</b>	2020
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 30,043	\$ 18,133	\$ 20,400	<b>\$ 68,576</b>	\$ 67,285
EXCESS OF REVENUE OVER EXPENDITURES	14,554	-	-	<b>14,554</b>	1,291
INTERNAL TRANSFER <i>(Note 6)</i>	(4,554)	-	4,554	-	-
<b>NET ASSETS - END OF YEAR</b>	\$ 40,043	\$ 18,133	\$ 24,954	<b>\$ 83,130</b>	\$ 68,576

**VISUAL ARTS ALBERTA ASSOCIATION**  
*(Operating as CARFAC Alberta)*  
**Statement of Financial Position**  
**March 31, 2021**  
*(Unaudited)*

	2021	2020
<b>ASSETS</b>		
CURRENT		
Cash (Note 3)	\$ 122,308	\$ 148,655
Guaranteed investment certificates (Note 4)	18,133	-
Accounts receivable	-	370
Prepaid expenses	232	103
Goods and Services Tax recoverable	797	492
	<b>141,470</b>	149,620
GUARANTEED INVESTMENT CERTIFICATES (Note 4)	-	18,133
	<b>\$ 141,470</b>	<b>\$ 167,753</b>
<b>LIABILITIES AND NET ASSETS</b>		
CURRENT		
Accounts payable	\$ 4,809	\$ 8,882
Deferred membership revenue	9,919	8,368
Deferred restricted contributions (Note 5)	43,612	81,927
	<b>58,340</b>	99,177
NET ASSETS		
General fund	40,043	30,043
AFA reserve (Note 6)	18,133	18,133
Contingency reserve (Note 6)	24,954	20,400
	<b>83,130</b>	68,576
	<b>\$ 141,470</b>	<b>\$ 167,753</b>

ON BEHALF OF THE BOARD

  
 \_\_\_\_\_ Director  
 C. Makowichuk Director

**VISUAL ARTS ALBERTA ASSOCIATION**  
*(Operating as CARFAC Alberta)*  
**Statement of Cash Flow**  
**Year Ended March 31, 2021**  
*(Unaudited)*

	<b>2021</b>	2020
<b>OPERATING ACTIVITIES</b>		
Cash receipts from funders and members	<b>\$ 153,924</b>	\$ 246,978
Cash paid to suppliers and employees	<b>(179,980)</b>	(178,099)
Interest received	<b>14</b>	-
Goods and Services Tax	<b>(305)</b>	(30)
<b>(DECREASE) INCREASE IN CASH</b>	<b>(26,347)</b>	68,849
<b>CASH - BEGINNING OF YEAR</b>	<b>148,655</b>	79,806
<b>CASH - END OF YEAR</b>	<b>\$ 122,308</b>	\$ 148,655

## **VISUAL ARTS ALBERTA ASSOCIATION**

***(Operating as CARFAC Alberta)***

### **Notes to Financial Statements**

**Year Ended March 31, 2021**

*(Unaudited)*

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#### **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 (ASNFP). 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 expenses capital additions in the amount of \$10,996 (2020 - \$nil).

*(continues)*



## **VISUAL ARTS ALBERTA ASSOCIATION**

***(Operating as CARFAC Alberta)***

### **Notes to Financial Statements**

**Year Ended March 31, 2021**

*(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 received and recognized in the financial statements contributed goods and services valued at \$2,541 (2020 - \$9,657).

##### 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, 2021**

*(Unaudited)*

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3. CASH AND CASH EQUIVALENTS

	<b>2021</b>	2020
Cash - General account	<b>\$ 92,142</b>	\$ 91,698
Cash - Casino account	<b>25,122</b>	51,927
Cash - Investment savings account	<b>5,044</b>	5,030
	<b>\$ 122,308</b>	\$ 148,655

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, Liquor and Cannabis 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

	<b>2021</b>	2020
GIC - Internally restricted	<b>\$ 18,133</b>	\$ 18,133

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, 2021***(Unaudited)***5. DEFERRED RESTRICTED CONTRIBUTIONS**

	<b>2021</b>	2020
<b>Deferred Casino Revenue</b>		
Opening balance	\$ 51,927	\$ 14,480
Receipts from casino pool	-	74,291
Expenditures in the year	<b>(26,805)</b>	<b>(36,844)</b>
	<b>25,122</b>	51,927
<b>Deferred Mentorship Grant Revenue</b>		
Opening balance	<b>30,000</b>	-
Grant received	-	30,000
Expenditures in the year	<b>(11,510)</b>	-
	<b>18,490</b>	30,000
Unexpended balance, end of year	<b>\$ 43,612</b>	\$ 81,927

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, \$nil (2020 - \$nil) 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, \$4,554 (2020 - \$400) 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, 2021***(Unaudited)***7. DONATIONS**

	<b>2021</b>	2020
Donations	<b>\$ 605</b>	\$ 1,652
Donations in-kind	<b>2,541</b>	9,657
	<b>\$ 3,146</b>	\$ 11,309

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:

	<b>2021</b>		2020	
<u>Salaries and wages</u>				
Administration	<b>90%</b>	<b>\$ 46,091</b>	90%	\$ 45,557
Programming	<b>10%</b>	<b>5,121</b>	10%	5,062
<u>Office expenses</u>				
Administration	<b>33%</b>	<b>\$ 4,759</b>	33%	\$ 2,063
Programming	<b>67%</b>	<b>9,519</b>	67%	4,126
<u>Payroll expenses</u>				
Administration	<b>67%</b>	<b>\$ 2,240</b>	67%	\$ 4,043
Programming	<b>33%</b>	<b>1,120</b>	33%	2,233

**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, 2021**

*(Unaudited)*

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#### **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, 2021. 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.

#### **11. COVID-19**

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national and global economies.

Management is uncertain of the effects of these changes on its financial statements and believes that any disturbance may be temporary; however, there is uncertainty about the length and potential impact of the disturbance.

As a result, we are unable to estimate the potential impact on the Association's operations as at the date of these financial statements.