

CENTRAL CARIBOO ARTS & CULTURE SOCIETY
Financial Statements
Year Ended December 31, 2019
(Unaudited)

CENTRAL CARIBOO ARTS & CULTURE SOCIETY

Index to Financial Statements

Year Ended December 31, 2019

(Unaudited)

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of Central Cariboo Arts & Culture Society

We have reviewed the accompanying financial statements of Central Cariboo Arts & Culture Society, which comprise the statement of financial position as at December 31, 2019, and the statements of changes in net assets, revenues and expenditures 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

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 the financial statements do not present fairly, in all material respects, the financial position of Central Cariboo Arts & Culture Society as at December 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.

Independent Practitioner's Review Engagement Report to the Members of Central Cariboo Arts & Culture Society *(continued)*

Other Matter

The financial statements of Central Cariboo Arts & Culture Society for the year ended December 31, 2018 were reviewed by another practitioner who expressed an unmodified conclusion on those financial statements on April 10, 2019.

Williams Lake, BC
March 30, 2020


PMT CHARTERED PROFESSIONAL
ACCOUNTANTS LLP

CENTRAL CARIBOO ARTS & CULTURE SOCIETY

Statement of Financial Position

December 31, 2019

(Unaudited)

	2019	2018
ASSETS		
Current		
Cash	\$ 3,600	\$ 12,589
Goods and services tax recoverable	-	3
Prepaid expenses	787	786
	<u>4,387</u>	<u>13,378</u>
Tangible capital assets (Note 6)	2,317	4,991
Restricted cash (Note 7)	48,461	57,357
	<u>\$ 55,165</u>	<u>\$ 75,726</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 7,271	\$ 1,722
Deposits received	420	249
Goods and services tax payable	148	-
	<u>7,839</u>	<u>1,971</u>
NET ASSETS		
General Fund	(1,135)	16,398
Operating Reserve	16,403	25,721
Opportunity Reserve	32,058	31,636
	<u>47,326</u>	<u>73,755</u>
	<u>\$ 55,165</u>	<u>\$ 75,726</u>

APPROVED BY THE DIRECTORS

Director

Director

The accompanying notes are an integral part of this statement.

CENTRAL CARIBOO ARTS & CULTURE SOCIETY**Statement of Changes in Net Assets****Year Ended December 31, 2019***(Unaudited)*

	General Fund	Operating Reserve	Opportunity Reserve	2019	2018
Net assets - beginning of year	\$ 16,398	\$ 25,721	\$ 31,636	\$ 73,755	\$ 95,373
Deficiency of revenue over expenditures	(26,983)	132	422	(26,429)	(21,618)
Transfers (Note 8)	9,450	(9,450)	-	-	-
Net assets - end of year	\$ (1,135)	\$ 16,403	\$ 32,058	\$ 47,326	\$ 73,755

The accompanying notes are an integral part of this statement.

CENTRAL CARIBOO ARTS & CULTURE SOCIETY**Statement of Revenues and Expenditures****Year Ended December 31, 2019***(Unaudited)*

	2019	2018
Revenue		
Municipal and regional contract revenue	\$ 90,000	\$ 90,000
Project revenue <i>(Note 9)</i>	21,250	24,500
Rental income	14,174	13,824
Other income <i>(Note 10)</i>	1,759	3,246
	<u>127,183</u>	<u>131,570</u>
Expenditures		
Amortization	2,155	2,711
Bank charges and interest	334	625
Consulting fees	-	1,900
Insurance	1,049	1,050
Licences, dues and fees	1,630	837
Office	2,451	2,171
Professional fees	4,327	2,175
Projects and workshops	25,509	30,772
Repairs and maintenance	7,353	9,717
Research	74	859
Staff expenses	419	482
Support grants	9,628	15,127
Telephone and utilities	9,722	8,309
Travel	605	1,067
Wages and benefits	88,391	75,810
	<u>153,647</u>	<u>153,612</u>
Deficiency of revenue over expenditures from operations	<u>(26,464)</u>	<u>(22,042)</u>
Other income (expenses)		
Interest income	554	427
Loss on disposal of tangible capital assets	(519)	(3)
	<u>35</u>	<u>424</u>
Deficiency of revenue over expenditures	<u>\$ (26,429)</u>	<u>\$ (21,618)</u>

The accompanying notes are an integral part of this statement.

CENTRAL CARIBOO ARTS & CULTURE SOCIETY**Statement of Cash Flow****Year Ended December 31, 2019***(Unaudited)*

	2019	2018
Operating activities		
Deficiency of revenue over expenditures	\$ (26,429)	\$ (21,618)
Items not affecting cash:		
Amortization of tangible capital assets	2,155	2,711
Loss on disposal of tangible capital assets	519	3
	<u>(23,755)</u>	<u>(18,904)</u>
Changes in non-cash working capital:		
Accounts receivable	-	32
Accounts payable and accrued liabilities	5,549	1,541
Deferred income	-	(2,423)
Deposits received	171	249
Goods and services tax payable	151	(4,753)
Prepaid expenses	(1)	-
	<u>5,870</u>	<u>(5,354)</u>
Cash flow used by operating activities	<u>(17,885)</u>	<u>(24,258)</u>
Investing activity		
Purchase of tangible capital assets	-	(1,344)
Decrease in cash flow	(17,885)	(25,602)
Cash - beginning of year	69,946	95,548
Cash - end of year	\$ 52,061	\$ 69,946
Cash consists of:		
Cash	\$ 3,600	\$ 12,589
Restricted cash	<u>48,461</u>	<u>57,357</u>
	\$ 52,061	\$ 69,946

The accompanying notes are an integral part of this statement.

CENTRAL CARIBOO ARTS & CULTURE SOCIETY

Notes to Financial Statements

Year Ended December 31, 2019

(Unaudited)

1. Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

2. Purpose of the Society

Central Cariboo Arts & Culture Society (the "Society") is a not-for-profit organization incorporated provincially under the Society Act of British Columbia. Management has determined that they are exempt from payment of income tax under Section 149(1) of the Income Tax Act.

The Society operates to provide the Arts Centre for meetings and events for the Central Cariboo Arts and Cultural organizations and members of the community, offers a grants program to distribute project grants to groups and societies in the Central Cariboo, as well as offers assistance with respect to arts and culture matters.

3. Economic dependence

A significant portion of the Society's gross operating revenue, \$90,000 (2018 - \$90,000), is comprised of annual funding from the Cariboo Regional District and the City of Williams Lake. The Society's ability to continue operations is dependent upon the continuation of such funding.

4. Significant accounting policies

Fund accounting

Revenues and expenses related to program delivery and administrative activities are reported in the General Fund.

Opportunity Reserve Funds are internally restricted by the board to provide funds to enable the Society to pursue opportunities for acquiring outside funding which requires some monetary contribution from the Society.

Operating Reserve Funds are internally restricted by the board to provide a cushion against unexpected and unbudgeted operating expenses and to fund a program designed to be operated independent of taxpayer allocations. The reserve is to not exceed \$25,000 without express board approval.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Financial assets measured at amortized cost include cash and goods and services tax receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and goods and services tax payable.

Financial assets measured at fair value include restricted cash.

(continues)

CENTRAL CARIBOO ARTS & CULTURE SOCIETY

Notes to Financial Statements

Year Ended December 31, 2019

(Unaudited)

4. Significant accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand less outstanding cheques and deposits with a maturity of less than three months at the time of purchase. When outstanding cheques are in excess of cash on hand, the excess is reported in bank indebtedness.

Term deposits

Short term investments, which consist primarily of guaranteed investment certificates (GIC's), are carried at market value.

Tangible capital assets

Tangible capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives at the following rates and methods:

Computer equipment	55%	declining balance method
Computer software	100%	declining balance method
Furniture and fixtures	20%	declining balance method
Leasehold improvements	60 months	straight-line method
Art	60 months	straight-line method

The Society regularly reviews its tangible capital assets to eliminate obsolete items. Government grants are treated as a reduction of tangible capital assets cost.

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Revenue recognition

Central Cariboo Arts & Culture Society follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Contributed goods and services

The Society and its members benefit from contributed goods and services in the form of volunteer time for various committees. Contributed services are not recognized in these financial statements. Donated goods are recorded at their fair market value at the time of the donation. During the year \$1,529 in goods were donated (2018 - \$NIL).

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

CENTRAL CARIBOO ARTS & CULTURE SOCIETY

Notes to Financial Statements

Year Ended December 31, 2019

(Unaudited)

5. Financial instruments

The Society is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following provides information about the Society's risk exposure and concentration as of December 31, 2019.

Unless otherwise noted, it is management's opinion that the Society is not exposed to significant other price risks arising from these financial instruments.

6. Tangible capital assets

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Art	\$ 10,604	\$ 10,604	\$ -	\$ -
Computer equipment	7,364	6,586	778	1,749
Computer software	1,764	1,764	-	-
Furniture and fixtures	5,112	4,040	1,072	1,840
Leasehold improvements	9,608	9,141	467	1,402
	<u>\$ 34,452</u>	<u>\$ 32,135</u>	<u>\$ 2,317</u>	<u>\$ 4,991</u>

During the year, the amount of contributed tangible capital assets is \$NIL (2018 - \$NIL).

During the year, the amount of write-downs is \$2,971 (2018 - \$NIL).

7. Restricted cash

Restricted cash consists of amounts set aside to cover future anticipated costs. These amounts are held in separate bank accounts.

	2019	2018
Opportunity Reserve Funds		
Guaranteed Investment Certificate	\$ 15,753	\$ 15,545
Guaranteed Investment Certificate	16,305	16,091
	<u>32,058</u>	<u>31,636</u>
Operating Reserve Funds		
Cash	6,555	16,003
Guaranteed Investment Certificate	9,848	9,718
	<u>16,403</u>	<u>25,721</u>
	<u>\$ 48,461</u>	<u>\$ 57,357</u>

Funds invested in guaranteed investment certificates mature on December 23, 2020 and are earning interest at 0.35%.

8. Transfers

During the year, \$9,450 (2018 - \$4,000) has been transferred from the Operating Reserve Fund to the General Fund to support the grants program.

CENTRAL CARIBOO ARTS & CULTURE SOCIETY

Notes to Financial Statements

Year Ended December 31, 2019

(Unaudited)

9. Project revenue

	2019	2018
Contracted services	\$ 15,000	\$ 15,000
Sponsorships	6,250	9,500
	<u>\$ 21,250</u>	<u>\$ 24,500</u>

10. Other income

	2019	2018
Cleaning fee	\$ 120	\$ -
Donations	1,529	-
Membership dues	35	35
Rebates	75	106
Workshops	-	3,105
	<u>\$ 1,759</u>	<u>\$ 3,246</u>

11. Remuneration

As required by the Society Act of British Columbia, remuneration above \$75,000 paid to directors, employees and contractors must be disclosed. During the year, there is no compensation paid to directors and no remuneration, including benefits, to employees in excess of \$75,000.

There is one permanent, full-time employee whose compensation is in the salary range of \$40,000 - \$79,999.

12. Contingent liability

During the course of the year, the Council may be a defendant in a lawsuit. The Council reviews any claims or potential claims made against it on a yearly basis to determine if they would be covered by insurance, and if not, whether a claim that would not be successfully defended would have any material effect on the financial statements. The management of the Council is not aware of any claims or potential claims that if not successfully defended would have a material effect on the financial statements. If a claim was paid as a result of the outcome of litigation it would be treated as an expenditure.

13. Capital disclosure

The Society considers its capital to be the balance maintained in its Unrestricted Net Assets. The primary objective of the Society is to invest its capital in a manner that will allow it to continue as a going concern and comply with its stated objectives. Capital is invested under the direction of the Board of Directors of the Society with the objective of providing a reasonable rate of return, minimizing risk and ensuring adequate liquid investments are on hand for current cash flow requirements. The Society is not subject to any externally imposed requirements of its capital.

CENTRAL CARIBOO ARTS & CULTURE SOCIETY

Notes to Financial Statements

Year Ended December 31, 2019

(Unaudited)

14. Comparative figures

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