

CENTRAL CARIBOO ARTS AND CULTURE SOCIETY
Financial Statements
Year Ended December 31, 2021

Index to Financial Statements

	Page
INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	2
Statement of Changes in Net Assets	3
Statement of Revenues and Expenditures	4
Statement of Cash Flow	5
Notes to Financial Statements	6 - 10



INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Directors of Central Cariboo Arts and Culture Society

We have reviewed the accompanying financial statements of Central Cariboo Arts and Culture Society (the Society) that comprise the statement of financial position as at December 31, 2021, 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 (ASNPO), 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 and Culture Society as at December 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with ASNPO.

Williams Lake, BC

**PMT CHARTERED PROFESSIONAL
ACCOUNTANTS LLP**

CENTRAL CARIBOO ARTS AND CULTURE SOCIETY
Statement of Financial Position
December 31, 2021

	2021	2020
ASSETS		
Current		
Cash	\$ 47,839	\$ 33,977
Accounts receivable	18,850	11,671
Goods and services tax recoverable	-	139
Prepaid expenses	786	786
	<u>67,475</u>	46,573
Tangible capital assets (Note 6)	2,973	2,234
Restricted cash (Note 7)	<u>38,122</u>	<u>38,058</u>
	<u>\$ 108,570</u>	<u>\$ 86,865</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 30,067	\$ 8,129
Deposits received	2,645	622
Goods and services tax payable	633	-
Deferred income	3,461	26,775
	<u>36,806</u>	<u>35,526</u>
Contingent liability (Note 13)		
NET ASSETS		
General Fund	33,642	13,281
Operating Reserve	16,460	16,439
Opportunity Reserve	21,662	21,619
	<u>71,764</u>	<u>51,339</u>
	<u>\$ 108,570</u>	<u>\$ 86,865</u>

Draft for discussion purposes only

APPROVED BY THE DIRECTORS

 _____ Director

_____ Director

The accompanying notes are an integral part of this statement

CENTRAL CARIBOO ARTS AND CULTURE SOCIETY
Statement of Changes in Net Assets
Year Ended December 31, 2021

	General Fund	Operating Reserve	Opportunity Reserve	2021	2020
Net assets - beginning of year	\$ 13,281	\$ 16,439	\$ 21,619	\$ 51,339	\$ 47,326
Excess of revenue over expenditures	20,361	21	43	20,425	4,013
Net assets - end of year	\$ 33,642	\$ 16,460	\$ 21,662	\$ 71,764	\$ 51,339

Draft for discussion purposes only

The accompanying notes are an integral part of this statement

CENTRAL CARIBOO ARTS AND CULTURE SOCIETY
Statement of Revenues and Expenditures
Year Ended December 31, 2021

	2021	2020
Revenue		
Municipal and regional contract revenue	\$ 102,000	\$ 90,000
Grant program	18,250	25,000
Project revenue (Note 9)	17,844	21,250
Rental income	10,033	7,178
Grants	1,856	-
	<u>149,983</u>	<u>143,428</u>
Expenditures		
Amortization	2,539	1,570
Bank charges and interest	462	265
Grants	18,250	25,000
Insurance	1,050	1,051
Licences, dues and fees	158	857
Office	2,942	1,669
Professional fees	2,940	2,469
Projects and workshops	23,859	21,683
Repairs and maintenance	5,556	5,965
Staff expenses	326	306
Support grants	(930)	-
Telephone and utilities	8,936	6,719
Travel	195	389
Wages and benefits	87,862	87,302
	<u>154,145</u>	<u>155,245</u>
Deficiency of revenue over expenditures from operations	<u>(4,162)</u>	<u>(11,817)</u>
Other income (expenses)		
Interest income	64	127
Loss on disposal of tangible capital assets	(44)	-
Other income (Note 10)	7,874	973
Rent subsidy	-	1,386
Wage subsidy	16,693	13,344
	<u>24,587</u>	<u>15,830</u>
Excess of revenue over expenditures	<u>\$ 20,425</u>	<u>\$ 4,013</u>

The accompanying notes are an integral part of this statement

CENTRAL CARIBOO ARTS AND CULTURE SOCIETY
Statement of Cash Flow
Year Ended December 31, 2021

	2021	2020
Operating activities		
Excess of revenue over expenditures	\$ 20,425	\$ 4,013
Items not affecting cash:		
Amortization of tangible capital assets	2,539	1,570
Loss on disposal of tangible capital assets	44	-
	<u>23,008</u>	<u>5,583</u>
Changes in non-cash working capital:		
Accounts receivable	(7,179)	(11,671)
Accounts payable and accrued liabilities	21,939	857
Deferred income	(23,314)	26,775
Deposits received	2,023	202
Goods and services tax payable	772	(287)
Prepaid expenses	-	1
	<u>(5,759)</u>	<u>15,877</u>
Cash flow from operating activities	<u>17,249</u>	<u>21,460</u>
Investing activity		
Purchase of tangible capital assets	<u>(3,323)</u>	<u>(1,486)</u>
Increase in cash flow	13,926	19,974
Cash - beginning of year	<u>72,035</u>	<u>52,061</u>
Cash - end of year	<u>\$ 85,961</u>	<u>\$ 72,035</u>
Cash consists of:		
Cash	\$ 47,839	\$ 33,977
Restricted cash	<u>38,122</u>	<u>38,058</u>
	<u>\$ 85,961</u>	<u>\$ 72,035</u>

The accompanying notes are an integral part of this statement

CENTRAL CARIBOO ARTS AND CULTURE SOCIETY

Notes to Financial Statements

Year Ended December 31, 2021

1. Basis of presentation

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

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, \$102,000 (2020 - \$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, accounts receivable 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 AND CULTURE SOCIETY

Notes to Financial Statements

Year Ended December 31, 2021

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:

Art	60 months	straight-line method
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

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 and 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 \$1,644 in goods were donated (2020 - \$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 AND CULTURE SOCIETY

Notes to Financial Statements

Year Ended December 31, 2021

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 analysis provides information about the Society's risk exposure and concentration as of December 31, 2021.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Society is exposed to credit risk from customers and its cash held in banking institutions. In order to reduce its credit risk, the Society reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Society has a significant number of customers which minimizes concentration of credit risk. In order to reduce its credit risk on its cash, the Society invests its cash and cash equivalents with high-rated financial institutions and monitors the creditworthiness of its counterparties.

During the year, the Society's credit risk changed from the previous year as a result of an increase in cash and accounts receivable.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Society is exposed to this risk mainly in respect of its receipt of funds from accounts payable.

During the year, the Society's liquidity risk changed from the previous year as a result of an increase in accounts payable and accrued liabilities.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument or fair value of future cash flows of a financial instrument will fluctuate because of changes in interest rate. The Society is exposed to interest rate risk on the fair value of its floating rate interest earned on its restricted cash investments.

There is no change in the risk exposure from the previous period.

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	2021 Net book value	2020 Net book value
Art	\$ 10,604	\$ 10,604	\$ -	\$ -
Computer equipment	5,534	3,795	1,739	692
Computer software	1,644	1,644	-	-
Furniture and fixtures	5,968	4,734	1,234	1,542
Leasehold improvements	9,608	9,608	-	-
	<u>\$ 33,358</u>	<u>\$ 30,385</u>	<u>\$ 2,973</u>	<u>\$ 2,234</u>

During the year, the amount of contributed tangible capital assets is \$1,644 (2020 - \$NIL).

During the year, the amount of write-downs is \$5,902 (2020 - \$NIL).

CENTRAL CARIBOO ARTS AND CULTURE SOCIETY

Notes to Financial Statements

Year Ended December 31, 2021

7. Restricted cash

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

	<u>2021</u>	<u>2020</u>
Opportunity Reserve Funds		
Guaranteed Investment Certificate	\$ 5,268	\$ 5,257
Guaranteed Investment Certificate	16,395	16,362
	<u>21,663</u>	<u>21,619</u>
Operating Reserve Funds		
Cash	6,557	6,557
Guaranteed Investment Certificate	9,902	9,882
	<u>16,459</u>	<u>16,439</u>
	<u>\$ 38,122</u>	<u>\$ 38,058</u>

Funds invested in guaranteed investment certificates mature on December 23, 2021 and are earning interest at 0.21% (2020 - 0.20%).

8. Transfers

During the year, \$NIL (2020 - \$10,530) has been transferred from the Operating Reserve Fund to the General Fund to support the grants program.

9. Project revenue

	<u>2021</u>	<u>2020</u>
Contracted services	\$ 15,000	\$ 15,000
Performances in the Park sponsorships	2,844	6,250
	<u>\$ 17,844</u>	<u>\$ 21,250</u>

10. Other income

	<u>2021</u>	<u>2020</u>
Donations	\$ 7,745	\$ 590
Membership dues	25	35
Rebates	104	101
Performances in the Park	-	247
	<u>\$ 7,874</u>	<u>\$ 973</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.

CENTRAL CARIBOO ARTS AND CULTURE SOCIETY

Notes to Financial Statements

Year Ended December 31, 2021

12. Government assistance

The Society received subsidies for salaries and wages from the Canada Emergency Wage Subsidy in the amount of \$16,693 (2020 - \$11,671) and the Temporary Wage Subsidy in the amount of \$NIL (2020 - \$1,673). In addition, the Society received subsidies for rental income from the Canada Emergency Commercial Rental Assistance program totaling \$NIL (2021 - \$1,386). These amounts have been recorded as income and are reported in the Statement of Revenues and Expenditures as other income.

13. Contingent liability

During the course of the year, the Society may be a defendant in a lawsuit. The Society 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 Society 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.

14. 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.

15. Impact of COVID-19

The COVID-19 pandemic has continued to cause disruptions to the Society's operations, which has resulted in the cancellation of rental and other activities however, the Society is unable to estimate this impact upon future operations.

Draft for discussion purposes only