

**THE COMMUNITY ARTS COUNCIL
OF PRINCE GEORGE & DISTRICT**

**FINANCIAL STATEMENTS
(Unaudited)**

May 31, 2022

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of
The Community Arts Council of Prince George & District

We have reviewed the accompanying financial statements of The Community Arts Council of Prince George & District that comprise the statement of financial position as at May 31, 2022, and the statements of operations, changes in net assets, and cash flows 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 non-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 engagement which requires 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 The Community Arts Council of Prince George & District as at May 31, 2022, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for non-for-profit organizations.

Schmitz, Anderson & Nielsen
Chartered Professional Accountants

November 2, 2022
Prince George, BC

**THE COMMUNITY ARTS COUNCIL
OF PRINCE GEORGE & DISTRICT
STATEMENT OF FINANCIAL POSITION
(Unaudited)
May 31, 2022**

ASSETS		
	<u>2022</u>	<u>2021</u>
CURRENT		
Cash and equivalents	\$ 168,407	\$ 160,607
Cash - restricted (Note 3)	4,603	13,369
Investments (Note 3)	82,742	93,818
Accounts receivable	6,781	6,861
Goods and services tax recoverable	-	724
Inventory	4,655	2,355
Prepaid expenses	<u>6,881</u>	<u>3,685</u>
TOTAL CURRENT ASSETS	274,069	281,419
TANGIBLE CAPITAL ASSETS (Note 4)	<u>19,165</u>	<u>20,469</u>
TOTAL ASSETS	<u>\$ 293,234</u>	<u>\$ 301,888</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 22,400	\$ 11,010
Payroll liabilities (Note 5)	13,966	12,751
Goods and services tax payable	430	-
Provincial sales tax payable	419	-
Deferred contributions (Note 6)	67,812	143,692
Unearned revenue (Note 7)	<u>53,566</u>	<u>5,571</u>
TOTAL CURRENT LIABILITIES	158,593	173,024
LONG-TERM DEBT (Note 8)	<u>30,000</u>	<u>30,000</u>
TOTAL LIABILITIES	<u>188,593</u>	<u>203,024</u>
NET ASSETS		
Net assets invested in capital assets	19,164	20,469
Restricted net assets	74,000	85,077
Unrestricted net assets	<u>11,477</u>	<u>(6,682)</u>
TOTAL NET ASSETS	<u>104,641</u>	<u>98,864</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$ 293,234</u>	<u>\$ 301,888</u>

Approved on behalf of the Board:



_____, Director

_____, Director

**THE COMMUNITY ARTS COUNCIL
OF PRINCE GEORGE & DISTRICT
STATEMENT OF CHANGES IN NET ASSETS**

(Unaudited)

For the year ended May 31, 2022

	Invested in capital assets	Restricted	Unrestricted	Total 2022	Total 2021
NET ASSETS					
Balance, beginning of year	\$ 20,469	\$ 85,077	\$ (6,682)	\$ 98,864	\$ 55,169
Excess of revenues over expenses	(4,853)	(11,077)	21,707	5,777	43,695
Investment in capital assets	<u>3,548</u>	<u>-</u>	<u>(3,548)</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 19,164</u>	<u>\$ 74,000</u>	<u>\$ 11,477</u>	<u>\$ 104,641</u>	<u>\$ 98,864</u>

Other Restricted Fund balance represented by:

	2022	2021
Internally Restricted:		
Scholarship Fund	\$ 455	\$ 455
New Facility Fund	<u>72,894</u>	<u>83,971</u>
	73,349	84,426
Externally Restricted:		
Scholarship Fund	<u>651</u>	<u>651</u>
Total Other Restricted Fund	<u>\$ 74,000</u>	<u>\$ 85,077</u>

See accompanying Notes to Financial Statements

**THE COMMUNITY ARTS COUNCIL
OF PRINCE GEORGE & DISTRICT
STATEMENT OF OPERATIONS
(Unaudited)**

For the year ended May 31, 2022

	<u>GENERAL FUND</u>		<u>RESTRICTED FUNDS</u>		<u>2022</u>	<u>2021</u>
	<u>Operations</u>		<u>Capital Assets</u>	<u>New Facility</u>		
REVENUE						
City of Prince George	\$ 62,668	\$ -	\$ -	\$ -	\$ 62,668	\$ 47,168
B.C. Arts Council	94,755	-	-	-	94,755	59,820
Province of BC - Gaming	18,400	-	-	-	18,400	20,489
Other grants (Note 9)	95,830	-	-	-	95,830	7,000
Studio Fair	45,464	-	-	-	45,464	-
Rentals	41,620	-	-	-	41,620	37,412
Classes	15,888	-	-	-	15,888	1,079
Artisan Gift Shop, net	15,940	-	-	-	15,940	10,793
Day Camp	3,630	-	-	-	3,630	-
Other programs (Note 10)	14,470	-	-	-	14,470	43,562
Donations	9,014	-	-	-	9,014	5,712
Memberships	5,011	-	-	-	5,011	6,223
Other income	346	-	-	94	440	4,617
	<u>423,036</u>	<u>-</u>	<u>-</u>	<u>94</u>	<u>423,130</u>	<u>243,875</u>
DIRECT EXPENSES						
Amortization	-	4,853	-	-	4,853	1,762
Artisan Gift Shop expense	930	-	-	-	930	2,045
Classes	14,022	-	-	-	14,022	750
Day Camp	7,672	-	-	-	7,672	1,886
Programs	61,185	-	-	-	61,185	54,605
Scholarship	1,500	-	-	-	1,500	1,000
Studio Fair	22,666	-	-	-	22,666	4,097
Wages and benefits	62,722	-	-	-	62,722	38,948
	<u>170,697</u>	<u>4,853</u>	<u>-</u>	<u>-</u>	<u>175,550</u>	<u>105,093</u>
GROSS PROFIT	252,339	(4,853)	94		247,580	138,782
GENERAL & ADMIN EXPENSES						
Schedule of Expenses - Page 12	<u>241,863</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>241,863</u>	<u>190,669</u>
EARNINGS (DEFICIENCY) FROM OPERATIONS	<u>10,476</u>	<u>(4,853)</u>	<u>94</u>	<u>-</u>	<u>5,717</u>	<u>(51,887)</u>
OTHER ITEMS						
Government Covid subsidies	11,231	-	-	-	11,231	79,043
Unrealized change in market value	<u>-</u>	<u>-</u>	<u>(11,171)</u>	<u>(11,171)</u>	<u>(11,171)</u>	<u>16,539</u>
	<u>11,231</u>	<u>-</u>	<u>(11,171)</u>	<u>-</u>	<u>60</u>	<u>95,582</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ 21,707</u>	<u>\$ (4,853)</u>	<u>\$ (11,077)</u>	<u>\$ -</u>	<u>\$ 5,777</u>	<u>\$ 43,695</u>

**THE COMMUNITY ARTS COUNCIL
OF PRINCE GEORGE & DISTRICT
CASH FLOW STATEMENT
(Unaudited)
For the year ended May 31, 2022**

	<u>2022</u>	<u>2021</u>
OPERATING ACTIVITIES		
Cash receipts from funders and patrons	\$ 407,867	\$ 354,548
Cash paid to suppliers and employees	(403,880)	(291,400)
Investment earnings	94	1,912
Interest received	<u>16</u>	<u>2,426</u>
Cash from (used in) operating activities	<u>4,097</u>	<u>67,486</u>
INVESTING ACTIVITIES		
Purchase of tangible capital assets:		
- Furniture and fixtures	(3,548)	(15,760)
Purchase of investments	(30,007)	-
Proceeds from investments	<u>28,492</u>	<u>-</u>
Cash from (used in) investing activities	<u>(5,063)</u>	<u>(15,760)</u>
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(966)	51,726
CASH AND CASH EQUIVALENTS, beginning of year	<u>173,976</u>	<u>122,250</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 173,010</u>	<u>\$ 173,976</u>
Cash and cash equivalents consist of:		
Cash and equivalents	\$ 168,407	\$ 160,607
Cash - restricted	<u>4,603</u>	<u>13,369</u>
	<u>\$ 173,010</u>	<u>\$ 173,976</u>

**THE COMMUNITY ARTS COUNCIL
OF PRINCE GEORGE & DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
May 31, 2022**

1. ACCOUNTING POLICIES

These financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

- a) The accounts of the society are maintained in accordance with the principles of restricted fund accounting. Under restricted fund accounting, resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose.

The General Fund accounts for the organization's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

The New Facility Fund reports internally restricted funds designated for the development of a cultural facility within the District of Prince George.

The Capital Asset Fund reports the assets, liabilities, revenues and expenses related to the organization's capital assets.

The Scholarship Fund reports funds to be used in special circumstances where the General Fund is unable to fund the annual School District No. 57 scholarship.

- b) Cash and equivalents includes amounts on deposit with financial institutions, and term deposits that mature within 30 days from the date of acquisition.
Cash - restricted includes amounts on deposit with financial institutions which have been internally or externally restricted for a specific purpose.
- c) Inventory is measured at the lower of cost, determined by using the specific identification method, and net realizable value. Inventory recognized in direct expenses amounted to \$Nil (2021 - \$Nil).
- d) Investments are held on deposit with financial institutions and are reported at fair value. Investments consist of cash, term deposits maturing within one year from date of acquisition, and marketable securities.
- e) The organization records purchased tangible capital assets at cost. Contributed tangible capital assets are recorded at fair value at the date of contribution. Amortization is provided, after the year of acquisition, on a straight-line basis over the assets' estimated useful lives, which for furniture and equipment is 5 years and for leasehold improvements is 10 years. Amortization expense is reported in the Capital Asset Fund.
- f) Restricted contributions related to general operations are recognized as revenue of the General Fund in the year the related expenses are incurred. Restricted grant income is deferred until expended for the purpose of the grant. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted earnings and contributions are recognized as revenue of the General Fund in the year received or receivable. Revenue where identified with the delivery of services is recognized when services are provided. Membership dues are recognized as revenue in the year in which they are billed.

**THE COMMUNITY ARTS COUNCIL
OF PRINCE GEORGE & DISTRICT
NOTES TO FINANCIAL STATEMENTS**

**(Unaudited)
May 31, 2022**

- g) The organization and its members benefit greatly from donated services in the form of volunteer time. Because of the difficulty in determining their fair value, the value of these donated services is not recognized in these financial statements..
- h) Financial assets and liabilities are measured initially at cost. Subsequent measurement is at amortized cost, except for investments that are quoted in an active market which are measured at fair value. Changes in fair value are recognized in net income.
- i) The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Material measurement uncertainties include estimates of useful lives of tangible capital assets and estimates of collectibility of accounts receivable. The resolution of these uncertainties will be determined by future events.

2. PURPOSE OF THE NOT-FOR-PROFIT ORGANIZATION AND ECONOMIC DEPENDENCY

The Community Arts Council of Prince George and District is a not-for-profit organization incorporated under the laws of British Columbia on April 24, 1970. The organization is registered as a charity under the Canada Income Tax Act and is exempt from income taxes. The organization's mission is to foster the arts by providing events, programs and services to residents and artists in our community. The organization derives roughly 57% of its revenue from donations and funding from various levels of government.

3. RESTRICTED - CASH AND INVESTMENTS

Cash - restricted includes cash which has been internally restricted by the Board for the future building of a cultural facility within the District of Prince George, currently valued at \$4,603 (2021 - \$4,603), and cash received from the Province of BC - Community Gaming Grants externally restricted for use in approved expenses, currently valued at \$Nil (2021 - \$8,766).

Investments includes securities which have been internally restricted by the Board for the future building of a cultural facility within the District of Prince George.

4. TANGIBLE CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	
			<u>2022</u>	<u>2021</u>
Furniture and fixtures	\$ 28,245	\$ 9,080	\$ 19,165	\$ 20,469
Leasehold improvements	<u>787</u>	<u>787</u>	<u>-</u>	<u>-</u>
	<u>\$ 29,032</u>	<u>\$ 9,867</u>	<u>\$ 19,165</u>	<u>\$ 20,469</u>

5. GOVERNMENT REMITTANCES

The amount owing for government remittances other than those accounts that are separately reported in the balance sheet is \$6,682 (2021 - \$4,892). This amount is included in payroll liabilities.

**THE COMMUNITY ARTS COUNCIL
OF PRINCE GEORGE & DISTRICT
NOTES TO FINANCIAL STATEMENTS**

(Unaudited)
May 31, 2022

6. DEFERRED CONTRIBUTIONS

Deferred contributions are represented by funding grants received for which related program expenses will be incurred at a later date.

	<u>2021</u>	Funds Received	Included in <u>2022 revenue</u>	<u>2022</u>
City of Prince George	\$ 52,668	\$ 59,243	\$ 62,668	\$ 49,243
Artist in Residence	5,069	-	-	5,069
Donations	1,200	-	1,200	-
John Howard Society	-	3,500	-	3,500
PG Community Foundation	4,000	25,980	29,980	-
PG Employment Services Society	12,000	-	2,000	10,000
Province of British Columbia	59,755	35,000	94,755	-
Province of British Columbia - Gaming	9,000	9,400	18,400	-
	<u>\$ 143,692</u>	<u>\$ 133,123</u>	<u>\$ 209,003</u>	<u>\$ 67,812</u>

7. UNEARNED REVENUE

Unearned revenue is represented by funds received for services to be provided subsequent to the year-end.

	<u>2022</u>	<u>2021</u>
Studio Fair	\$ 42,025	\$ 5,003
Gourmet Arts	9,316	-
Rental income	1,251	-
Night Market	780	-
Guild donations	100	189
Gift certificates	94	319
Membership dues	-	60
	<u>\$ 53,566</u>	<u>\$ 5,571</u>

8. LONG-TERM DEBT

Canada Emergency Business Account (CEBA), funded by Canada Revenue Agency through HSBC Bank Canada - repayable at 0% interest and with a 25% forgiveness if repaid by December 31, 2023. Outstanding balances at January 1, 2024 will convert to a 3 year term loan bearing interest at 5% per annum and must be repaid in full by December 31, 2026, including any forgivable portion.

	<u>2022</u>	<u>2021</u>
	<u>\$ 30,000</u>	<u>\$ 30,000</u>

**THE COMMUNITY ARTS COUNCIL
OF PRINCE GEORGE & DISTRICT
NOTES TO FINANCIAL STATEMENTS**

(Unaudited)
May 31, 2022

9. OTHER GRANTS

	<u>2022</u>	<u>2021</u>
Canada Summer Jobs	\$ 5,750	\$ -
Downtown Prince George	5,000	-
Heritage Canada	19,100	-
PG Community Foundation	29,980	3,000
Prince George Employment Services	2,000	-
Province of British Columbia	24,000	4,000
Trinity United Church	5,000	-
Tourism Prince George	<u>5,000</u>	<u>-</u>
	<u>\$ 95,830</u>	<u>\$ 7,000</u>

10. OTHER PROGRAMS

	<u>2022</u>	<u>2021</u>
Artist in Residence	\$ -	\$ 1,500
Artists in the School	200	-
Arts North	1,000	11,500
ArtsVest	11,980	-
Black and White Ball	-	717
Investment Readiness	-	14,570
NIAC - Aboriginal Art Support	-	13,000
Omineca Artist in Residence	1,000	-
Teen Art Workshop	<u>290</u>	<u>2,275</u>
	<u>\$ 14,470</u>	<u>\$ 43,562</u>

11. LEASE COMMITMENTS

The organization has been provided premises for its operations by the City of Prince George at an annual rent of \$1,000.

12. REMUNERATION OF DIRECTORS AND OFFICERS

During the year, the organization paid directors \$11,213 (2021 - \$3,967) for contract services to provide art programs.

13. TERMINATION BENEFITS

During the year, the organization paid out \$1,215 in severance pay upon termination of employment.

**THE COMMUNITY ARTS COUNCIL
OF PRINCE GEORGE & DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
May 31, 2022**

14. ENDOWMENT FUND

The Community Arts Council of Prince George & District has established an Endowment Fund with the Prince George Community Foundation. The purpose of the fund is to sustain the operations of The Community Arts Council of Prince George & District as and when required. The funds will be held and managed by the Prince George Community Foundation in accordance with the fund creation agreement. The fund balance at May 31, 2022 was \$73,825 (2021 - \$80,258).

15. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments. The organization's financial instruments consist of cash, accounts receivable, investments and accounts payable. Unless otherwise noted, it is management's opinion that there are no significant currency, interest rate, liquidity, or other price risks arising from these financial instruments. The fair values of the financial instruments approximate their carrying values.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization's main credit risks relate to its accounts receivable. A significant portion of the organization's receivables is concentrated in the local geographic area. The organization's exposure to credit risk did not change significantly during the year.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The organization's main market risk is related to its investment in securities. The organization's exposure to market risk increased during the year due to additional securities investments.

16. COMPARATIVE INFORMATION

Certain comparative amounts have been reclassified to conform with the current year classification.

**THE COMMUNITY ARTS COUNCIL
OF PRINCE GEORGE & DISTRICT
SCHEDULE OF GENERAL & ADMINISTRATIVE EXPENSES
(Unaudited)
For the year ended May 31, 2022**

	<u>GENERAL FUND</u>		<u>RESTRICTED FUNDS</u>		<u>2022</u>	<u>2021</u>
	<u>Operations</u>		Capital <u>Assets</u>	Other <u>Restricted</u>		
GENERAL & ADMIN EXPENSES						
Advertising	\$ 3,658	\$ -	\$ -	\$ -	\$ 3,658	\$ 19,592
Bad debts	731	-	-	-	731	-
Bank charges	8,606	-	-	-	8,606	4,611
Dues and memberships	595	-	-	-	595	464
Equipment rental	2,220	-	-	-	2,220	1,948
Insurance	4,077	-	-	-	4,077	3,056
Maintenance and janitor	4,208	-	-	-	4,208	4,582
Office and general	6,408	-	-	-	6,408	5,210
Professional fees	6,500	-	-	-	6,500	7,843
Rent	1,000	-	-	-	1,000	1,000
Security	2,315	-	-	-	2,315	2,956
New facility development costs	38,135	-	-	-	38,135	1,250
Telephone	4,461	-	-	-	4,461	5,107
Utilities	16,002	-	-	-	16,002	14,102
Wages and benefits	<u>142,947</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>142,947</u>	<u>118,948</u>
	<u>\$ 241,863</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 241,863</u>	<u>\$ 190,669</u>