

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

**FINANCIAL STATEMENTS  
(Unaudited)**

**May 31, 2021**

**INDEX**

	Page
Review Engagement Report	2
Statement of Financial Position	3
Statement of Changes in Net Assets	4
Statement of Operations	5
Cash Flow Statement	6
Notes to Financial Statements	7 - 11
Schedule of General and Administrative Expenses	12



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(\*denotes Incorporated Professional)

## 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, 2021, 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, 2021, 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*

**Schmitz, Anderson & Nielsen**  
Chartered Professional Accountants

October 13, 2021  
Prince George, BC

**THE COMMUNITY ARTS COUNCIL  
OF PRINCE GEORGE & DISTRICT  
STATEMENT OF FINANCIAL POSITION  
(Unaudited)  
May 31, 2021**

**ASSETS**

	<u>2021</u>	<u>2020</u>
<b>CURRENT</b>		
Cash and equivalents	\$ 160,607	\$ 101,030
Cash - restricted (Note 3)	13,369	21,220
Investments (Note 3)	93,818	75,366
Accounts receivable	6,861	16,872
Goods and services tax recoverable	724	1,666
Inventory	2,355	2,243
Prepaid expenses	<u>3,685</u>	<u>3,183</u>
<b>TOTAL CURRENT ASSETS</b>	281,419	221,580
<b>TANGIBLE CAPITAL ASSETS (Note 4)</b>	<u>20,469</u>	<u>9,807</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 301,888</u></u>	<u><u>\$ 231,387</u></u>

**LIABILITIES**

<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 11,006	\$ 12,401
Payroll liabilities (Note 5)	12,751	9,089
Deferred contributions (Note 6)	143,692	119,057
Unearned revenue (Note 7)	<u>5,571</u>	<u>5,667</u>
<b>TOTAL CURRENT LIABILITIES</b>	173,020	146,214
<b>LONG-TERM DEBT (Note 8)</b>	<u>30,000</u>	<u>30,000</u>
<b>TOTAL LIABILITIES</b>	<u>203,020</u>	<u>176,214</u>

**NET ASSETS**

Net assets invested in capital assets	20,469	9,807
Restricted net assets (Note 9)	85,077	67,876
Unrestricted net assets	<u>(6,678)</u>	<u>(22,510)</u>
<b>TOTAL NET ASSETS</b>	<u>98,868</u>	<u>55,173</u>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<u><u>\$ 301,888</u></u>	<u><u>\$ 231,387</u></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, 2021

NET ASSETS	Invested in capital assets	Restricted (Note 9)	Unrestricted	Total 2021	Total 2020
Balance, beginning of year	\$ 9,807	\$ 67,876	\$ (22,510)	\$ 55,173	\$ 44,349
Excess of revenues over expenses	(1,762)	17,201	28,256	43,695	10,824
Investment in capital assets	<u>12,424</u>	<u>-</u>	<u>(12,424)</u>	<u>-</u>	<u>-</u>
<b>Balance, end of year</b>	<b><u>\$ 20,469</u></b>	<b><u>\$ 85,077</u></b>	<b><u>\$ (6,678)</u></b>	<b><u>\$ 98,868</u></b>	<b><u>\$ 55,173</u></b>
Other Restricted Fund balance represented by:					
Internally Restricted:				2021	2020
Scholarship Fund				\$ 455	\$ 455
New Facility Fund				<u>83,971</u>	<u>66,770</u>
				84,426	67,225
Externally Restricted:					
Scholarship Fund				<u>651</u>	<u>651</u>
Total Other Restricted Fund				<u>\$ 85,077</u>	<u>\$ 67,876</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, 2021**

	<u>GENERAL FUND</u>		<u>RESTRICTED FUNDS</u>			
	<u>Operations</u>	<u>Capital Assets</u>	<u>New Facility</u> (Note 9)	<u>2021</u>	<u>2020</u>	
<b>REVENUE</b>						
City of Prince George (Note 13)	\$ 99,268	\$ -	\$ -	\$ 99,268	\$ 125,268	
B.C. Arts Council	53,000	-	-	53,000	45,750	
Province of BC - Gaming	20,489	-	-	20,489	9,901	
Other grants (Note 11)	7,000	-	-	7,000	40,000	
Studio Fair	-	-	-	-	136,510	
Ticket sales, net	-	-	-	-	579	
Rentals	37,412	-	-	37,412	46,299	
Classes	1,079	-	-	1,079	13,285	
Artisan Gift Shoppe, net	10,793	-	-	10,793	11,368	
Day Camp	-	-	-	-	4,880	
Spring Arts Bazaar	-	-	-	-	9,504	
Other programs (Note 12)	50,382	-	-	50,382	7,252	
Donations	5,712	-	-	5,712	10,427	
Memberships	6,223	-	-	6,223	5,345	
Other income	2,705	-	1,912	4,617	6,658	
	<u>294,063</u>	<u>-</u>	<u>1,912</u>	<u>295,975</u>	<u>473,026</u>	
<b>DIRECT EXPENSES</b>						
Amortization	-	1,762	-	1,762	1,483	
Artisan Gift Shoppe expense	2,045	-	-	2,045	576	
Classes	750	-	-	750	12,675	
Day Camp	1,886	-	-	1,886	3,022	
Programs	54,605	-	-	54,605	27,280	
Scholarship	1,000	-	-	1,000	2,350	
Spring Arts Bazaar	-	-	-	-	6,589	
Studio Fair	4,097	-	-	4,097	52,274	
Wages and benefits	38,948	-	-	38,948	53,680	
	<u>103,331</u>	<u>1,762</u>	<u>-</u>	<u>105,093</u>	<u>159,929</u>	
<b>GROSS PROFIT</b>	190,732	(1,762)	1,912	190,882	313,097	
<b>GENERAL &amp; ADMIN EXPENSES</b>						
Schedule of Expenses - Page 12	<u>241,519</u>	<u>-</u>	<u>1,250</u>	<u>242,769</u>	<u>335,183</u>	
<b>EARNINGS (DEFICIENCY) FROM OPERATIONS</b>	<u>(50,787)</u>	<u>(1,762)</u>	<u>662</u>	<u>(51,887)</u>	<u>(22,086)</u>	
<b>OTHER ITEMS</b>						
Gain (loss) on sale of investments	-	-	-	-	(10)	
Government Covid subsidies	79,043	-	-	79,043	35,117	
Unrealized change in market value	-	-	16,539	16,539	(2,197)	
	<u>79,043</u>	<u>-</u>	<u>16,539</u>	<u>95,582</u>	<u>32,910</u>	
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<u>\$ 28,256</u>	<u>\$ (1,762)</u>	<u>\$ 17,201</u>	<u>\$ 43,695</u>	<u>\$ 10,824</u>	

See accompanying Notes to Financial Statements

**THE COMMUNITY ARTS COUNCIL  
OF PRINCE GEORGE & DISTRICT  
CASH FLOW STATEMENT  
(Unaudited)  
For the year ended May 31, 2021**

	<u>2021</u>	<u>2020</u>
<b>OPERATING ACTIVITIES</b>		
Cash receipts from funders and patrons	\$ 406,648	\$ 486,144
Cash paid to suppliers and employees	(343,500)	(497,583)
Dividends received	1,912	2,515
Interest received	<u>2,426</u>	<u>3,812</u>
Cash from (used in) operating activities	<u>67,486</u>	<u>(5,112)</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from long-term debt	-	40,000
Forgiveness of long-term debt	<u>-</u>	<u>(10,000)</u>
Cash from financing activities	<u>-</u>	<u>30,000</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of tangible capital assets:		
- Furniture and fixtures	(15,760)	(5,125)
Purchase of investments	-	(14,915)
Proceeds from investments	<u>-</u>	<u>48,868</u>
Cash from (used in) investing activities	<u>(15,760)</u>	<u>28,828</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	51,726	53,716
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>122,250</u>	<u>68,534</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u><u>\$ 173,976</u></u>	<u><u>\$ 122,250</u></u>
<b>Cash and cash equivalents consist of:</b>		
Cash and equivalents	\$ 160,607	\$ 101,030
Cash - restricted	<u>13,369</u>	<u>21,220</u>
	<u><u>\$ 173,976</u></u>	<u><u>\$ 122,250</u></u>

**THE COMMUNITY ARTS COUNCIL  
OF PRINCE GEORGE & DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
(Unaudited)  
May 31, 2021**

**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 (2020 - \$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.

- g) Due to the ongoing Covid-19 pandemic, volunteers contributed minimal hours to assist the organization in carrying out its programs.

**THE COMMUNITY ARTS COUNCIL  
OF PRINCE GEORGE & DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
(Unaudited)  
May 31, 2021**

- 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 nearly 70% of its revenue from donations and funding from various levels of government. This was due to the reduced activity levels due to the pandemic and the increased funding opportunities from the 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 (2020 - \$4,602), and cash received from the Province of BC - Community Gaming Grants externally restricted for use in approved expenses, currently valued at \$8,766 (2020 - \$16,618).

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>2021</u>	<u>2020</u>
Furniture and fixtures	\$ 24,696	\$ 4,227	\$ 20,469	\$ 9,807
Leasehold improvements	<u>787</u>	<u>787</u>	<u>-</u>	<u>-</u>
	<u>\$ 25,483</u>	<u>\$ 5,014</u>	<u>\$ 20,469</u>	<u>\$ 9,807</u>

**5. GOVERNMENT REMITTANCES**

The amount owing for government remittances other than those accounts that are separately reported in the balance sheet is \$4,814 (2020 - \$5,071). This amount is included in payroll liabilities.



**THE COMMUNITY ARTS COUNCIL  
OF PRINCE GEORGE & DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
(Unaudited)  
May 31, 2021**

**6. DEFERRED CONTRIBUTIONS**

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

	<u>2020</u>	<u>Funds Received</u>	<u>Included in 2021 revenue</u>	<u>2021</u>
City of Prince George	\$ 47,168	\$ 104,768	\$ 99,268	\$ 52,668
Artist in Residence	-	6,569	1,500	5,069
Donations	-	6,912	5,712	1,200
PG Community Foundation	-	7,000	3,000	4,000
PG Employment Services Society	23,500	-	11,500	12,000
Province of British Columbia - Gaming	13,889	15,600	20,489	9,000
Province of British Columbia	21,500	95,255	57,000	59,755
Vancouver Foundation	13,000	-	13,000	-
	<u>\$ 119,057</u>	<u>\$ 236,104</u>	<u>\$ 211,469</u>	<u>\$ 143,692</u>

**7. UNEARNED REVENUE**

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

	<u>2021</u>	<u>2020</u>
Studio Fair	\$ 5,002	\$ 4,542
Gift certificates	320	531
Guild donations	189	594
Membership dues	<u>60</u>	<u>-</u>
	<u>\$ 5,571</u>	<u>\$ 5,667</u>

**8. LONG-TERM DEBT**

	<u>2021</u>	<u>2020</u>
Canada Revenue Agency Canada Emergency Business Account (CEBA), funded by HSBC Bank Canada - repayable at 0% interest and with a 25% forgiveness if repaid by December 31, 2022. Outstanding balances at January 1, 2023 will convert to a 3 year term loan bearing interest at 5% per annum and must be repaid in full by December 31, 2025.	<u>\$ 30,000</u>	<u>\$ 30,000</u>

**9. RESTRICTIONS ON NET ASSETS**

During the year, the board approved a motion to release \$1,250 from internally restricted funds.

**THE COMMUNITY ARTS COUNCIL  
OF PRINCE GEORGE & DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
(Unaudited)  
May 31, 2021**

**10. 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, 2021 was \$80,258 (2020 - \$63,395).

**11. OTHER GRANTS**

	<u>2021</u>	<u>2020</u>
Heritage Canada	\$ -	\$ 34,000
PG Community Foundation	3,000	2,500
Province of British Columbia	4,000	-
Prince George Employment Services	-	1,500
Vancouver Foundation	-	2,000
	<u>\$ 7,000</u>	<u>\$ 40,000</u>

**12. OTHER PROGRAMS**

	<u>2021</u>	<u>2020</u>
Art Battle	\$ -	\$ 3,793
Arts North	11,500	-
Artist in Residence	1,500	-
Black and White Ball	717	100
Investment Readiness	14,570	-
New Horizons - Healing Arts kits	-	2,250
NIAC - Aboriginal Art Support	13,000	609
PIVOT	6,820	-
Teen Art Workshop	2,275	500
	<u>\$ 50,382</u>	<u>\$ 7,252</u>

**13. LEASE COMMITMENTS**

The organization has been provided premises for its operations at an annual rent of \$1,000 with the City of Prince George. Fair market value of the rent is estimated at approximately \$53,100 for the year resulting in the difference being recognized as a grant from the City of Prince George.

**14. REMUNERATION OF DIRECTORS AND OFFICERS**

During the year, the organization paid directors \$3,967 (2020 - \$4,948) for contract services to provide art programs and to reimburse for art program supplies.

**THE COMMUNITY ARTS COUNCIL  
OF PRINCE GEORGE & DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
(Unaudited)  
May 31, 2021**

**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.

**THE COMMUNITY ARTS COUNCIL  
OF PRINCE GEORGE & DISTRICT  
SCHEDULE OF GENERAL & ADMINISTRATIVE EXPENSES  
(Unaudited)  
For the year ended May 31, 2021**

	<u>GENERAL FUND</u>		<u>RESTRICTED FUNDS</u>			
	<u>Operations</u>	<u>Capital Assets</u>	<u>Other Restricted</u> (Note 9)	<u>2021</u>	<u>2020</u>	
GENERAL & ADMIN EXPENSES						
Advertising	\$ 19,592	\$ -	\$ -	\$ 19,592	\$ 11,736	
Bad debts	-	-	-	-	212	
Bank charges	4,611	-	-	4,611	6,810	
Dues and memberships	464	-	-	464	892	
Equipment rental	1,948	-	-	1,948	2,096	
Insurance	3,056	-	-	3,056	3,210	
Maintenance and janitor	4,582	-	-	4,582	5,972	
Office and general	5,210	-	-	5,210	5,084	
Professional development	-	-	-	-	1,660	
Professional fees	7,843	-	-	7,843	9,869	
Rent (Note 13)	53,100	-	-	53,100	53,069	
Security	2,956	-	-	2,956	2,315	
New facility development costs	-	-	1,250	1,250	74,514	
Telephone	5,107	-	-	5,107	4,004	
Utilities	14,102	-	-	14,102	18,088	
Wages and benefits	<u>118,948</u>	<u>-</u>	<u>-</u>	<u>118,948</u>	<u>135,652</u>	
	<u>\$ 241,519</u>	<u>\$ -</u>	<u>\$ 1,250</u>	<u>\$ 242,769</u>	<u>\$ 335,183</u>	