

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

**FINANCIAL STATEMENTS
(Unaudited)**

May 31, 2023

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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, 2023, 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 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 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, 2023, 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.

Report on Other Legal and Regulatory Requirements

As required by the British Columbia Society Act, we report that, in our opinion, these standards have been applied on a basis consistent with that of the preceeding year.

Schmitz, Anderson & Nielsen
Chartered Professional Accountants

November 27, 2023
Prince George, BC
2.

**THE COMMUNITY ARTS COUNCIL
OF PRINCE GEORGE & DISTRICT
STATEMENT OF FINANCIAL POSITION
(Unaudited)
May 31, 2023**

ASSETS		
	<u>2023</u>	<u>2022</u>
CURRENT		
Cash and equivalents	\$ 280,019	\$ 168,407
Cash - restricted (Note 3)	14,003	4,603
Investments (Note 3)	88,643	82,742
Accounts receivable	2,626	6,781
Inventory	2,149	4,655
Prepaid expenses	<u>13,931</u>	<u>6,881</u>
TOTAL CURRENT ASSETS	401,371	274,069
TANGIBLE CAPITAL ASSETS (Note 4)	<u>27,041</u>	<u>19,165</u>
TOTAL ASSETS	<u>\$ 428,412</u>	<u>\$ 293,234</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 11,491	\$ 22,401
Payroll liabilities (Note 5)	14,809	13,965
Goods and services tax payable	1,573	430
Provincial sales tax payable	347	419
Deferred contributions (Note 6)	131,775	67,812
Unearned revenue (Note 7)	<u>103,653</u>	<u>53,566</u>
TOTAL CURRENT LIABILITIES	263,648	158,593
LONG-TERM DEBT (Note 8)	<u>30,000</u>	<u>30,000</u>
TOTAL LIABILITIES	<u>293,648</u>	<u>188,593</u>
NET ASSETS		
Net assets invested in capital assets	27,041	19,164
Restricted net assets (Note 9)	78,796	74,000
Unrestricted net assets	<u>28,927</u>	<u>11,477</u>
TOTAL NET ASSETS	<u>134,764</u>	<u>104,641</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$ 428,412</u>	<u>\$ 293,234</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, 2023

	<u>Invested in capital assets</u>	<u>Restricted</u>	<u>Unrestricted</u>	<u>Total 2023</u>	<u>Total 2022</u>
NET ASSETS					
Balance, beginning of year	\$ 19,164	\$ 74,000	\$ 11,477	\$ 104,641	\$ 98,863
Excess of revenues over expenses	(5,326)	5,902	29,547	30,123	5,778
Investment in capital assets	13,203	-	(13,203)	-	-
Funds released from restriction (Note 9)	-	(1,106)	1,106	-	-
Balance, end of year	\$ 27,041	\$ 78,796	\$ 28,927	\$ 134,764	\$ 104,641

Other Restricted Fund balance represented by:

	<u>2023</u>	<u>2022</u>
Internally Restricted:		
Scholarship Fund	\$ -	\$ 455
New Facility Fund	<u>78,796</u>	<u>72,894</u>
	78,796	73,349
Externally Restricted:		
Scholarship Fund	-	<u>651</u>
Total Other Restricted Fund	\$ 78,796	\$ 74,000

See accompanying Notes to Financial Statements

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

For the year ended May 31, 2023

	<u>GENERAL FUND</u>	<u>RESTRICTED FUNDS</u>		<u>2023</u>	<u>2022</u>
	<u>Operations</u>	<u>Capital Assets</u>	<u>New Facility</u>		
REVENUE					
City of Prince George	\$ 59,243	\$ -	\$ -	\$ 59,243	\$ 62,668
B.C. Arts Council	75,000	-	-	75,000	94,755
Province of BC - Gaming	19,860	-	-	19,860	18,400
Other grants (Note 10)	53,156	-	-	53,156	95,830
Programs and events (Note 11)	53,974	-	-	53,974	33,989
Studio Fair	140,885	-	-	140,885	45,464
Gourmet Festival	12,272	-	-	12,272	-
Performing Arts	13,939	-	-	13,939	-
Rentals - Studio 2880	36,131	-	-	36,131	41,620
Artisan Gift Shop, net	17,092	-	-	17,092	15,940
Donations	33,190	-	-	33,190	9,014
Memberships	7,170	-	-	7,170	5,011
Other income	344	-	1,360	1,704	440
	<u>522,256</u>	<u>-</u>	<u>1,360</u>	<u>523,616</u>	<u>423,131</u>
DIRECT EXPENSES					
Amortization	-	5,326	-	5,326	4,853
Artisan Gift Shop expense	1,896	-	-	1,896	930
Gourmet Festival	25,131	-	-	25,131	10,587
Performing Arts	44,125	-	-	44,125	-
Programs and events	57,475	-	-	57,475	73,775
Scholarship	1,000	-	-	1,000	1,500
Studio Fair	53,956	-	-	53,956	22,666
Wages and benefits	89,191	-	-	89,191	65,539
	<u>272,774</u>	<u>5,326</u>	<u>-</u>	<u>278,100</u>	<u>179,850</u>
GROSS PROFIT	249,482	(5,326)	1,360	245,516	243,281
GENERAL & ADMIN EXPENSES					
Schedule of Expenses - Page 12	219,935	-	-	219,935	237,563
EARNINGS (DEFICIENCY) FROM OPERATIONS	<u>29,547</u>	<u>(5,326)</u>	<u>1,360</u>	<u>25,581</u>	<u>5,718</u>
OTHER ITEMS					
Government Covid subsidies	-	-	-	-	11,231
Unrealized change in market value	-	-	4,542	4,542	(11,171)
	<u>-</u>	<u>-</u>	<u>4,542</u>	<u>4,542</u>	<u>60</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ 29,547</u>	<u>\$ (5,326)</u>	<u>\$ 5,902</u>	<u>\$ 30,123</u>	<u>\$ 5,778</u>

**THE COMMUNITY ARTS COUNCIL
OF PRINCE GEORGE & DISTRICT
CASH FLOW STATEMENT
(Unaudited)
For the year ended May 31, 2023**

	<u>2023</u>	<u>2022</u>
OPERATING ACTIVITIES		
Cash receipts from funders and patrons	\$ 639,080	\$ 407,867
Cash paid to suppliers and employees	(506,244)	(403,880)
Investment earnings	1,360	94
Interest received	<u>19</u>	<u>16</u>
Cash from (used in) operating activities	<u>134,215</u>	<u>4,097</u>
INVESTING ACTIVITIES		
Purchase of tangible capital assets:		
- Furniture and fixtures	(10,768)	(3,548)
- Leasehold improvements	(2,435)	-
Purchase of investments	-	(30,007)
Proceeds from investments	<u>-</u>	<u>28,492</u>
Cash from (used in) investing activities	<u>(13,203)</u>	<u>(5,063)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	121,012	(966)
CASH AND CASH EQUIVALENTS, beginning of year	<u>173,010</u>	<u>173,976</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 294,022</u>	<u>\$ 173,010</u>
Cash and cash equivalents consist of:		
Cash and equivalents	\$ 280,019	\$ 168,407
Cash - restricted	<u>14,003</u>	<u>4,603</u>
	<u>\$ 294,022</u>	<u>\$ 173,010</u>

**THE COMMUNITY ARTS COUNCIL
OF PRINCE GEORGE & DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
May 31, 2023**

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.

- 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 \$2,506 (2022 - \$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) 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.

**THE COMMUNITY ARTS COUNCIL
OF PRINCE GEORGE & DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
May 31, 2023**

- 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 43% 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 (2022 - \$4,603), and cash received from the Province of BC - Community Gaming Grants externally restricted for use in approved expenses, currently valued at \$9,400 (2022 - \$Nil).

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>2023</u>	<u>2022</u>
Furniture and fixtures	\$ 39,013	\$ 14,407	\$ 24,606	\$ 19,165
Leasehold improvements	<u>3,222</u>	<u>787</u>	<u>2,435</u>	<u>-</u>
	<u>\$ 42,235</u>	<u>\$ 15,194</u>	<u>\$ 27,041</u>	<u>\$ 19,165</u>

5. GOVERNMENT REMITTANCES

The amount owing for government remittances other than those accounts that are separately reported in the balance sheet is \$6,980 (2022 - \$6,682). This amount is included in payroll liabilities.

**THE COMMUNITY ARTS COUNCIL
OF PRINCE GEORGE & DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
May 31, 2023**

6. DEFERRED CONTRIBUTIONS

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

	<u>2022</u>	Funds Received	Included in 2023 revenue	<u>2023</u>
City of Prince George	\$ 49,243	\$ 50,228	\$ 49,243	\$ 50,228
Artist in Residence	5,069	-	1,500	3,569
John Howard Society	3,500	-	3,500	-
PG Employment Services Society	10,000	-	10,000	-
Province of British Columbia	-	172,978	104,400	68,578
Province of British Columbia - Gaming	-	18,800	9,400	9,400
	<u>\$ 67,812</u>	<u>\$ 242,006</u>	<u>\$ 178,043</u>	<u>\$ 131,775</u>

7. UNEARNED REVENUE

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

	<u>2023</u>	<u>2022</u>
Studio Fair	\$ 78,651	\$ 42,025
Gourmet Arts	16,307	9,316
Angela Hewitt concert project	7,000	-
Night Market	1,415	780
Rental income	180	1,251
Guild donations	100	100
Gift certificates	-	94
	<u>\$ 103,653</u>	<u>\$ 53,566</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 January 18, 2024. Outstanding balances at January 19, 2024 will convert to a term loan bearing interest at 5% per annum and must be repaid in full by December 31, 2026, including any forgivable portion.

	<u>2023</u>	<u>2022</u>
	<u>\$ 30,000</u>	<u>\$ 30,000</u>

9. RESTRICTIONS ON NET ASSETS

During the year, the board approved motions to release \$455 from internally restricted scholarship funds and \$651 from externally restricted scholarship funds.

**THE COMMUNITY ARTS COUNCIL
OF PRINCE GEORGE & DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
May 31, 2023**

10. OTHER GRANTS

	<u>2023</u>	<u>2022</u>
Canada Summer Jobs	\$ 4,256	\$ 5,750
Downtown Prince George	-	5,000
Heritage Canada	-	19,100
John Howard Society	3,500	-
PG Community Foundation	6,000	29,980
Prince George Employment Services	10,000	2,000
Province of British Columbia	29,400	24,000
Trinity United Church	-	5,000
Tourism Prince George	-	5,000
	<u>\$ 53,156</u>	<u>\$ 95,830</u>

11. OTHER PROGRAMS

	<u>2023</u>	<u>2022</u>
Artist in Residence	\$ 1,500	\$ -
Art Battle	6,419	-
Artists in the School	-	200
Arts North	5,240	1,000
ArtsVest	-	11,980
Classes	29,904	15,889
Night Market	5,441	-
Omineca Artist in Residence	-	1,000
Day Camp	5,175	3,630
Teen Art Workshop	295	290
	<u>\$ 53,974</u>	<u>\$ 33,989</u>

12. LEASE COMMITMENTS

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

13. REMUNERATION OF DIRECTORS AND OFFICERS

During the year, the organization paid directors \$6,480 (2022 - \$11,213) for contract services to provide art programs.

**THE COMMUNITY ARTS COUNCIL
OF PRINCE GEORGE & DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
May 31, 2023**

14. FEES PAID TO PROFESSIONAL ARTISTS

During the year, the following fees were paid to professional artists:

	<u>2023</u>	<u>2022</u>
Angela Hewitt	\$ <u>12,948</u>	\$ <u>-</u>

15. 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, 2023 was \$67,452 (2022 - \$73,825).

16. 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.

17. 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, 2023**

	<u>GENERAL FUND</u>		<u>RESTRICTED FUNDS</u>		<u>2023</u>	<u>2022</u>
	<u>Operations</u>		<u>Capital Assets</u>	<u>Other Restricted</u>		
GENERAL & ADMIN EXPENSES						
Advertising	\$ 938	\$ -	\$ -	\$ -	\$ 938	\$ 3,658
Bad debts	-	-	-	-	-	731
Bank charges	12,956	-	-	-	12,956	8,606
Dues and memberships	805	-	-	-	805	595
Equipment rental	2,614	-	-	-	2,614	2,220
Insurance	5,533	-	-	-	5,533	4,077
Maintenance and janitor	3,622	-	-	-	3,622	4,208
Office and general	6,742	-	-	-	6,742	6,408
Professional development	1,119	-	-	-	1,119	-
Professional fees	6,850	-	-	-	6,850	6,500
Rent	1,000	-	-	-	1,000	1,000
Security	2,662	-	-	-	2,662	2,315
New facility development costs	5,388	-	-	-	5,388	35,238
Telephone	3,194	-	-	-	3,194	3,058
Utilities	16,541	-	-	-	16,541	16,002
Wages and benefits	149,971	-	-	-	149,971	142,947
	<u>\$ 219,935</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 219,935</u>	<u>\$ 237,563</u>