

**FEDERATION OF CANADIAN ARTISTS**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009**

---

# FEDERATION OF CANADIAN ARTISTS

---

DECEMBER 31, 2009

## CONTENTS

	<b>Page</b>
<b>AUDITOR'S REPORT</b>	3
<b>FINANCIAL STATEMENTS</b>	
Statement of Financial Position	4
Statement of Operations and Net Assets	5
Cash Flow Statement	6
Notes to the Financial Statements	7 - 12

## AUDITOR'S REPORT

To the Members of the  
**Federation of Canadian Artists**

I have audited the statement of financial position of the **Federation of Canadian Artists** as at December 31, 2009 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Society's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2009 and the results of operations and cash flows of the Society for the year then ended, in accordance with Canadian generally accepted accounting principles. As required by the Societies Act of the Province of British Columbia, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year except in regard to the change in accounting policy described in Note 2 to the financial statements.

Burnaby, B.C.  
April 13, 2010



CHARTERED ACCOUNTANT

---

---

These financial statements are prepared solely for use by the client with whom Catherine Der Inc., Chartered Accountant, has entered into a contract and there are no representations of any kind made by me to any party with whom I have not entered into a written contract.

---

---

# FEDERATION OF CANADIAN ARTISTS

## STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2009

	2009	2008
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 115,157	\$ 49,278
Investments	82,091	142,500
Accounts receivable	-	1,911
Silver award pins	1,890	2,100
Prepaid expenses	9,396	10,099
	208,534	205,888
<b>WORKS OF ART</b> (Note 4)	3,000	3,000
<b>CAPITAL ASSETS</b> (Note 5)	22,407	15,035
	\$ 233,941	\$ 223,923
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 28,527	\$ 27,149
Deferred revenue (Note 6)	112,613	120,260
	141,140	147,409
<b>DEFERRED CONTRIBUTIONS</b> (Note 7)	4,349	1,800
	145,489	149,209
<b>NET ASSETS</b>		
<b>NET ASSETS</b>	88,452	74,714
	\$ 233,941	\$ 223,923

APPROVED BY THE DIRECTORS:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

See accompanying notes

---

# FEDERATION OF CANADIAN ARTISTS

---

## STATEMENT OF OPERATIONS AND NET ASSETS

---

YEAR ENDED DECEMBER 31, 2009

---

	2009	2008
<b>REVENUES</b>		
Membership fees	\$ 133,260	\$ 128,960
Classes and workshops	182,771	103,328
Gallery sales and exhibition fees	80,515	120,530
B.C. Gaming	1,326	34,766
Donations and fundraising	13,338	13,534
Painting on the Edge event	21,653	16,707
Paintings, by Numbers event	155,878	138,391
Magazine	6,398	8,604
Miscellaneous	6,724	13,040
Amortization of deferred contribution	2,887	1,800
Rental shows	4,801	4,343
	<hr/>	<hr/>
	609,551	584,003
<b>EXPENSES</b>		
Amortization	5,877	4,486
Artists' share of sale of paintings	27,335	64,992
Classes and workshops	114,539	63,561
Contract services	1,354	8,451
Gallery operations	11,150	25,648
Magazine and postage	48,375	46,482
Loss on disposal of capital assets	776	-
Office and administration	33,867	42,302
Paintings, by Numbers event	134,695	119,044
Painting on the Edge event	12,369	13,493
Premises	24,947	20,837
Professional fees	20,515	13,435
Salaries and benefits	160,014	114,147
	<hr/>	<hr/>
	595,813	536,878
<b>EXCESS OF REVENUES OVER EXPENSES</b>	13,738	47,125
<b>NET ASSETS, beginning of year</b>	74,714	27,589
<b>NET ASSETS, end of year</b>	<hr/> <b>\$ 88,452</b>	<hr/> <b>\$ 74,714</b>

---

See accompanying notes

---

# FEDERATION OF CANADIAN ARTISTS

---

## CASH FLOW STATEMENT

---

YEAR ENDED DECEMBER 31, 2009

	2009	2008
<b>CASH FLOWS FROM:</b>		
<b>OPERATING ACTIVITIES</b>		
Excess of Revenue over Expenses for the year	\$ 13,738	\$ 47,125
Charges to Revenue over Expenses not affecting cash flow:		
Amortization	5,877	4,486
Amortization of deferred contributions	(2,887)	(1,800)
Loss on disposal of capital assets	776	-
	17,504	49,811
Changes in non-cash working capital:		
Accounts receivable	1,911	615
Silver award pins	210	210
Prepaid expenses	703	(2,525)
Accounts payable and accrued liabilities	1,378	1,689
Deferred revenue	(7,647)	7,922
	14,059	57,722
<b>FINANCING ACTIVITIES</b>		
Deferred contributions	5,437	-
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	(15,826)	(6,212)
Proceeds on disposal of capital assets	1,800	-
Purchase of investments	(82,091)	(90,077)
Proceeds on sale of investments	142,500	-
	46,383	(96,289)
<b>NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS</b>	65,879	(38,567)
<b>CASH AND EQUIVALENTS, beginning of year</b>	49,278	87,845
<b>CASH AND EQUIVALENTS, end of year</b>	\$ 115,157	\$ 49,278

---

See accompanying notes

---

# FEDERATION OF CANADIAN ARTISTS

---

## NOTES TO THE FINANCIAL STATEMENTS

---

DECEMBER 31, 2009

---

### 1. GENERAL INFORMATION

Federation of Canadian Artists (the "Society") was formed under the laws of British Columbia as a Society and is a non-profit organization under the Income Tax Act. On February 24, 1998, the Society changed its name from Federation of Canadian Artists (B.C. Region) to Federation of Canadian Artists. The purpose of the Society is to promote and enhance visual arts for members and the public across Canada.

### 2. CHANGE IN ACCOUNTING POLICIES

The CICA has issued and amended several accounting standard, Section 1535 Capital Disclosures Section 1540 Cash Flow Statements, Section 4400 Financial Statement Presentation by Not-for-Profit Organizations, Section 4430 Capital Assets Held by Not-for-Profit Organizations and Section 4470 Disclosure of Allocated Expenses by Not-for-Profit Organizations. These new and amended standards became effective January 1, 2009.

CICA Section 1535 Capital Disclosures which establishes standards for disclosing information about the Society's objectives, policies and processes for managing capital. The adoption of this standard did not have a material impact on the Society's financial statements.

CICA Section 1540 Cash Flow Statements has been amended to include Not-for-Profit Organizations within its scope. The adoption of this amendment did not have a material impact on the Society's financial statement.

CICA Section 4400 Financial Statement Presentation by Not-for-Profit Organizations has been amended for the treatment of net assets invested in capital assets and for the presentation of revenue and expenses. The adoption of these amendments resulted in a change in the financial statement presentation related to the Society's net assets invested in capital assets, revenue and expenses. These changes were retroactively applied and comparative figures were restated to conform with the new financial statement presentation.

CICA Section 4430 Capital Assets Held by Not-for-Profit Organizations has been amended to provide additional guidance with respect to the appropriate use of the exemption for recognizing capital assets. The adoption of this amendment did not have a material impact on the Society's financial statement.

CICA Section 4470 Disclosure of Allocated Expenses by Not-for-Profit Organizations establishes disclosure standards for Not-for-Profit Organizations that choose to classify their expenses by function and allocate expenses from one function to another. The adoption of this amendment did not have a material impact on the Society's financial statement.

---

# FEDERATION OF CANADIAN ARTISTS

---

## NOTES TO THE FINANCIAL STATEMENTS

---

DECEMBER 31, 2009

---

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Revenue Recognition

The Society follows the deferral method of accounting for grants and contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital asset. Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

(b) Investments

Investments are valued at the lower of cost and market value.

(c) Works of Art

The value of the works of art have been excluded from the statement of financial position except for a nominal value of \$3,000. Gifted works of art are recorded as revenue at values based on appraisals by independent appraisers or senior management. Accession of art for collection and resale, both gifted and purchased, is expensed.

(d) Capital Assets

Purchased capital assets are carried at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution. Capital assets are amortized as follows:

Computer hardware	30 % declining balance
Furniture and fixtures	20 % declining balance
Leasehold improvement	20 % straight-line

(e) Contributed Services

Volunteers contribute to assist the Society in carrying out its activities. Because of the difficulty of determining their fair value, contributed services are not recognized in these financial statements.



---

# FEDERATION OF CANADIAN ARTISTS

---

## NOTES TO THE FINANCIAL STATEMENTS

---

DECEMBER 31, 2009

(f) Financial Instruments

The Society's financial instruments consist of cash, investments, accounts payable deferred revenue and deferred contributions. These financial instruments are accounted for as follows:

Available-for-sale

The Society has designated the following financial assets on initial recognition as available-for-sale: cash, and investments. These instruments are initially recognized at cost. Upon application of the financial instruments accounting policy, they are recognized at their fair value. Unrealized gains or losses from changes in fair value are recognized as other comprehensive income.

Loans and receivables

The Society has classified the receivables as loans and receivables. These assets are initially recognized at their fair value. Fair value is approximated by the instruments' initial cost in a transaction between unrelated parties. Loans and receivables are subsequently measured at their amortized cost, using effective interest method. Gains and losses arising from changes in fair value are recognized in net income upon derecognition or impairment. Given the short term nature of this item, its carrying value approximates the fair value.

Other financial liabilities

The Society has classified the following financial liabilities as other financial liabilities: payables and accruals. These liabilities are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Other financial liabilities are subsequently measured at their amortized cost, using the effective interest method. Gains and losses arising from changes in fair value are recognized in net income upon derecognition or impairment. Given their short-term nature, the carrying value of payables and accruals approximate their fair value.

(g) Use of Estimates

The preparation of the 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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

---

# FEDERATION OF CANADIAN ARTISTS

---

## NOTES TO THE FINANCIAL STATEMENTS

---

DECEMBER 31, 2009

(h) New Accounting Pronouncements

There have been recent pronouncements that have been issued, but are not yet effective, that may impact the Society.

(1) Financial Reporting

The CICA has decided to transition Canadian GAAP for publicly accountable entities to International Financial Reporting Standards (IFRS) effective January 1, 2011. The Society is classified as a Not-for-Profit Organization and currently is not required to adopt IFRS. The Accounting Standards Board (AcSB) and Public Sector Accounting Board (PSAB) have jointly issued an invitation to comment to invite feedback on the future of financial reporting by Not-for-Profit Organizations. In addition, PSAB has issued an invitation to comment on the future financial reporting of government organizations. The Society is in the process of reviewing the impact of these documents on its reporting framework and financial statements.

(2) Accounting Changes

The CICA issued an amendment to CICA Section 1506 - Accounting Changes to exclude from its scope changes in accounting policies upon the complete replacement of an entity's primary basis of accounting. This standard will be effective for the Society for the fiscal year beginning January 01, 2010. Management is currently reviewing the potential impact of this section on the Society's disclosure.

(3) Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

The CICA Emerging Issues Committee issued EIC 173 which considers whether an entity's own credit risk and the credit risk of the counter-party should be taken into account in determining the fair value of financial assets and financial liabilities, including derivative instruments, for presentation and disclosure purposes. This abstract will be effective for the Society for the fiscal year beginning January 01, 2010. Management is currently reviewing the potential impact of this section on the Society's disclosure.

#### 4. WORKS OF ART

As at December 31, 2009, the collection consisted of approximately 538 (2008 - 556) works of art. There was eighteen (2008 - eight) works of art from the bequest of the Estate of Stafford Plant sold during the year for net proceeds totalling \$14,700 after commissions paid of \$1,000. As at December 31, 2009, the fair market value of the total collection is approximately \$491,000 (2008 - \$512,000).

# FEDERATION OF CANADIAN ARTISTS

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2009

### 5. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2009	Net 2008
Computer hardware	\$ 23,828	\$ 18,424	\$ 5,404	\$ 6,157
Furniture and fixtures	45,046	37,849	7,197	8,878
Leasehold improvement	12,257	2,451	9,806	-
	81,131	58,724	22,407	\$ 15,035

### 6. DEFERRED REVENUE

Deferred revenue consist of the following:

	2009	2008
Deferred membership dues	\$ 76,825	\$ 67,035
Deferred class fees	-	7,546
Deferred workshop fees	18,238	37,913
Deferred other	13,060	100
Deferred BC Gaming grants	4,490	2,666
Deferred City of Vancouver grant	-	5,000
	\$ 112,613	\$ 120,260

### 7. DEFERRED CONTRIBUTIONS

Deferred contributions related to capital assets represent the unamortized amount of donations and grants received for the purchase of capital assets. These contributions will be amortized at the rate corresponding with the amortization rate of the related capital assets. The amortization of deferred contributions is recorded as revenue in the statement of operations.

	2009	2008
Balance, beginning of year	\$ 1,800	\$ 3,600
Contributions received	5,436	-
Amortization of deferred contributions	(2,887)	(1,800)
Balance, end of year	\$ 4,349	\$ 1,800

### 8. CHAPTERS

The Society's financial statements do not include the financial activities of the Society's eleven individual Chapters operating in various cities across the country. Although the Society, by agreement, dictates some Chapter policies and from time to time provides guidance on a variety of issues, it does not participate in their day-to-day activities.

---

# FEDERATION OF CANADIAN ARTISTS

---

## NOTES TO THE FINANCIAL STATEMENTS

---

DECEMBER 31, 2009

These Chapters operate under the same name as the Society. No contributions are received by the Society from the Chapters. The Chapters are operated as service organizations and are not registered as charities under the Income Tax Act.

The Society contributes \$100 to their start up but otherwise has no financial interaction with these Chapters.

Because of the large number of Chapters, the cost involved, the fact that consolidated financial statements would provide only minimal additional useful information, and the fact that the Chapters' financial statements are not normally available on a timely basis, management has decided not to prepare consolidated financial statements.

### 9. COMMITMENT

The Society has entered into a premises lease agreement expiring on January 31, 2011 and various other equipment leases expiring in the years 2010 and 2011. The minimum annual payments are as follows:

2010	\$	19,960
2011		2,356
		<hr/>
	\$	22,316

---

### 10. CAPITAL DISCLOSURES

The Society considers its capital to be the balance retained in net assets. These amounts are generally the difference between its assets and its liabilities as reported on its statement of financial position.

The Society's objectives when managing capital are to safeguard its ability to fund its operations and capital assets additions, so that it can continue to provide services to its members. Management maintains its capital by ensuring that annual operating budgets are developed based on known or estimated sources of funding available each year. These budgets are monitored to ensure that the capital of the Society is maintained.

The Society is not subject to debt covenants or any other capital requirements with respect to operating funds.

### 11. COMPARATIVE FIGURES

The comparative amounts presented in the financial statements have been restated to conform to the current year's presentation.