
FINANCIAL STATEMENTS

FEDERATION OF CANADIAN ARTISTS

(Unaudited)

December 31, 2016



FEDERATION OF CANADIAN ARTISTS

FINANCIAL STATEMENTS

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for the year ended December 31, 2016

(Unaudited)

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REVIEW ENGAGEMENT REPORT

To the Members of Federation of Canadian Artists

We have reviewed the statement of financial position of **Federation of Canadian Artists** as at December 31, 2016 and the statements of operations, changes in net assets, and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of inquiry, analytical procedures and discussion related to information supplied to us by the Society.

A review does not constitute an audit and consequently we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

Comparative figures for prior year were reviewed by another accountant and have been reclassified to conform to current year's presentation.



Vancouver, BC
April 27, 2017

Pace Accounting Inc.
Chartered Professional Accountants

FEDERATION OF CANADIAN ARTISTS**STATEMENT OF FINANCIAL POSITION**

as at December 31 (Unaudited)

	2016	2015
	\$	\$
ASSETS		
CURRENT		
Cash & Cash Equivalent	186,937	162,977
Accounts Receivable	735	1,058
Inventory (Note 3)	26,475	19,655
Prepaid Expenses	4,686	1,481
	218,833	185,171
LONG-TERM		
Property & Equipment (Note 4)	11,903	3,684
	230,736	188,855
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Liabilities (Note 5)	24,943	17,236
Deferred Revenue (Note 6)	102,073	100,919
Current Portion of Capital Lease Obligation (Note 7)	1,620	-
	128,636	118,155
LONG-TERM LIABILITIES		
Capital Lease (Note 7)	6,564	-
	135,200	118,155
NET ASSETS		
Unrestricted Net Assets	95,536	70,700
	95,536	70,700
	230,736	188,855

COMMITMENTS (Note 8)*see accompanying notes to financial statements* Director Director

FEDERATION OF CANADIAN ARTISTS**STATEMENT OF CHANGES IN NET ASSETS**

for the year ended December 31

(Unaudited)

	Unrestricted \$	2016 Total \$	2015 Total \$
NET ASSETS			
Balance, beginning of year	70,700	70,700	17,558
Excess of Revenues over Expenses	24,836	24,836	53,142
Balance, end of year	95,536	95,536	70,700

see accompanying notes to financial statements

FEDERATION OF CANADIAN ARTISTS**STATEMENT OF OPERATIONS**

for the year ended December 31

(Unaudited)

	2016	2015
	\$	\$
REVENUES		
Sales - Painting	151,996	68,122
Membership Fees	160,585	150,213
Jury & Exhibition	149,928	137,259
Donated Artwork	107,236	133,080
Workshops	36,350	35,360
Sales - Merchandise & Miscellaneous	17,250	17,369
Government Grants	11,246	500
Donations and Fundraising	7,129	11,482
Magazine	5,793	8,106
	647,513	561,491
EXPENSES		
Salaries and Benefits	205,829	171,368
Donated Artwork	106,636	114,415
Artists' Share of Sales	99,685	41,208
Exhibition Expenses	49,610	41,204
Office and Administration	42,067	47,235
Magazine and Postage	34,270	30,418
Workshops	28,939	21,234
Premises	26,700	23,708
Advertising and Promotion	14,472	6,238
Professional Fees	11,544	10,061
Amortization	2,925	1,260
	622,677	508,349
Excess of Revenues over Expenses	24,836	53,142

FEDERATION OF CANADIAN ARTISTS**STATEMENT OF CASH FLOWS**

for the year ended December 31 (Unaudited)

	2016	2015
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenues over expenses	24,836	53,142
Adjustments to reconcile net income to cash provided by operating activities:		
Amortization	2,925	1,260
Change in non-cash working capital items:		
(Increase) Decrease in Accounts Receivable	323	(735)
(Increase) Decrease in Inventory	(6,820)	(15,815)
(Increase) Decrease in Prepaid Expenses	(3,205)	-
Increase (Decrease) in Accrued Liabilities	7,708	(367)
Increase (Decrease) in Deferred Revenue	1,154	33,354
Cash provided by operating activities	26,921	70,839
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of Property and Equipment	(11,145)	-
Cash provided by (used in) investing activities	(11,145)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital Lease Obligation	9,370	-
Capital Lease Obligation Repaid	(1,186)	-
Cash provided by (used in) financing activities	8,184	-
INCREASE IN CASH	23,960	70,839
Cash & Equivalents, beginning of year	162,977	92,138
Cash & Equivalents, end of year	186,937	162,977
Cash & Equivalents Consist of:		
Cash Deposits in Bank	186,937	162,977

see accompanying notes to financial statements

FEDERATION OF CANADIAN ARTISTS

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

(Unaudited)

Note 1 - Purpose of Organization

Federation of Canadian Artists (B.C. Region) was incorporated under the Societies Act of British Columbia on November 15, 1960. On February 24, 1998, the Society changed its name to Federation of Canadian Artists (the "Society"). The Society is a registered charity and is exempt from income tax under section 149(1)(l) of the Income Tax Act. The purpose of the Society is to promote and enhance visual arts through exhibition and education for members and the public across Canada.

Note 2 - Significant Accounting Policies

Basis of Accounting

The financial statements of the Society have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations ("ASNPO").

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 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.

Membership fees are recognized as revenue on a straight-line basis over the year. Classes and workshops are short term and are recognized as revenue upon completion of the course. All other revenue is recognized when the services are provided or when the goods are delivered.

Donated goods and services (exclusive of volunteer time) are recorded at their estimated fair market value and when the material and services are used in the normal course of the society's operations and would otherwise have been purchased.

Cash & Equivalents

Cash & equivalents consist of cash deposit with banks and short-term deposits with maturity dates of less than three months.

FEDERATION OF CANADIAN ARTISTS

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

(Unaudited)

Note 2 - Significant Accounting Policies (Continued)

Inventory

Purchased inventory is valued at the lower of cost and net realizable value. Donated goods and paintings are generally determined on the specific identification basis by an independent appraiser or management.

Donated art works from Estate of Stafford Plant and members are recorded at a nominal value of \$3,000 in inventory. The Society periodically examine the estimated fair market value of these artworks based on appraisals or by management.

Tangible Capital Assets

Purchased tangible 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 equipment	30% declining balance
Furniture and fixtures	20% declining balance
Equipment under capital lease	20% declining balance
Leasehold improvements	5 years straight-line

Financial Instruments

Measurement of Financial Instruments

The Society initially measures its financial assets and liabilities at fair value. The Society subsequently measures all its financial assets and liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and capital lease obligation.

FEDERATION OF CANADIAN ARTISTS

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

(Unaudited)

Note 2 - Significant Accounting Policies (Continued)

Financial Instruments (Continued)

Transaction Costs

The Society recognizes its transaction costs in the statement of operations in the period incurred. However, the carrying amount of the financial instruments that will not be subsequently measured at fair value is reflected in the transaction costs that are directly attributable to their origination, issuance or assumption.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

Statement of Cash Flows

The statement of cash flows is prepared on a net cash basis and cash flows from operating activities are reported using the indirect method.

Use of Estimates

The preparation of financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the 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. Significant areas requiring the use of management estimates include valuation of works of art and determination of useful lives of capital assets. Actual results could differ from those estimates.

FEDERATION OF CANADIAN ARTISTS

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

(Unaudited)

Note 3 - Inventory

Inventory consist of:

	2016	2015
	\$	\$
Silver Pin	840	840
Paintings 12 pieces (2015 - 7 pieces)	22,635	15,815
Estate of Stafford Plant Paintings *	3,000	3,000
Members' Artworks **	-	-
	26,475	19,655

* As at December 31, 2016, there were 325 paintings from the bequest of the Estate of Stafford Plant. There were seven sold during the year for \$6,000.

** Members' artworks consist of 73 pieces donated paintings from members.

As at December 31, 2016, the estimated fair market value of the donated paintings from Estate of Stafford Plant and members is approximately \$220,000.

Note 4 - Property and Equipment

Property and equipment consist of:

	2016			2015
	Cost	Accumulated Amortization	Net	Net
	\$	\$	\$	\$
Furniture and fixtures	42,714	40,535	2,179	2,362
Computer equipment	24,328	23,036	1,292	1,142
Leasehold improvement	13,157	13,157	-	180
Equipment under capital lease	9,370	938	8,432	-
	89,569	77,666	11,903	3,684

Furniture and fixtures additions were \$1,070 in the year (2015 - \$nil).

Computer equipment additions were \$704 in the year (2015 - \$nil).

Equipment under capital lease additions were \$9,370 in the year (2015 - \$nil).

FEDERATION OF CANADIAN ARTISTS**NOTES TO FINANCIAL STATEMENTS**

December 31, 2016

(Unaudited)

Note 5 - Accounts Payable and Accrued Liabilities

	2016	2015
	\$	\$
Trade Payables	12,314	7,434
Government Remittance	2,157	1,728
Staff Payroll Payable	10,472	8,074
	<u>24,943</u>	<u>17,236</u>

Note 6 - Deferred Revenue

Deferred revenue consists of the following:

	2016	2015
	\$	\$
Deferred membership dues	93,797	92,722
Deferred Donations	6,220	-
Deferred Fee	1,145	15
Deferred Gaming Grant	911	8,182
	<u>102,073</u>	<u>100,919</u>

Note 7 - Capital Lease Obligation

The capital lease is for leased photocopier with Automation One Business Systems Inc. The term of the lease is 66 months, with monthly payments of \$145 plus applicable taxes. Interest expense of \$210 was related to the capital lease obligation in 2016.

	2016	2015
	\$	\$
Capital lease obligation	8,184	-
Less: current portion of capital lease obligation	(1,620)	-
Long-term	<u>6,564</u>	<u>-</u>

The future minimum lease payments are as follows:

2017	1,620
2018	1,672
2019	1,728
2020	1,784
2021	1,380
	<u>8,184</u>

The capital lease obligation is secured by the equipment to which it relates.

FEDERATION OF CANADIAN ARTISTS

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

(Unaudited)

Note 8 - Commitments

During the year the Society renewed the premises lease which will expire on January 31, 2018 with no further right of renewal. The minimum annual payments are as follows:

	\$
2017	13,097
2018	1,091
	14,188

Note 9 - Chapters

The Society has eleven individual Chapters operating in various cities across the country. Formation of FCA Chapters is optional, members participation in Chapters is optional and Chapters are self-supporting. The Chapters are separate entities as collective members. The Society has no authority pertaining to the governance and operations of a Chapter and assumes no liability or commission in any financial or legal or other matter that may arise pertaining to any Charter.

The Society's financial statements do not include the financial activities of the Chapters. The Society contributes \$100 to their start up and sometimes collects submission fees for online jurying on behalf of the Chapters (which are then transferred to the Chapters, less processing charges), but otherwise the Society has no financial interaction with these Chapters. In 2016, \$10,160 was received for Chapter jury fees (2015 - \$8,500) and a total of \$6,161 was paid for Chapter show reimbursements (2015 - \$4,865).

Note 10 - Financial Instruments

The Society is exposed to various risks through its financial instruments. The following analysis provides a measure of the Society's risk exposure at the balance sheet date.

Liquidity Risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting obligations associated with financial liabilities. The Society is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. Cash flow from operations provides a substantial portion of the Society's cash requirements.

FEDERATION OF CANADIAN ARTISTS

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

(Unaudited)

Note 10 - Financial Instruments (Continued)

Credit Risk

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 Society's main credit risks relate to its accounts receivable. The Society occasionally provides credit to its members in the normal course of its operations. The Society assess, on a continuous basis, accounts receivable on the basis of amounts it is virtually certain to receive.

Market Risk

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. Market risk comprises three types of risk: currency risk, interest risk and other price risk. The Society is mainly exposed to interest rate risk. It is management's opinion that the Society is not exposed to significant currency risk or other price risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Society monitors the risk on an ongoing basis.

Note 11 - Remuneration

As required by the Societies Act of British Columbia for disclosure of any remuneration paid to directors and remuneration paid to employees or contractors in excess of \$75,000 per year, the Society didn't pay any remuneration to directors and no employees or contractors were paid over \$75,000 in 2016.

Note 12 - Comparative Figures

Certain of the prior year's figures have been reclassified to conform with the current year's financial statement presentation. The financial statements for the prior year were reviewed by another accounting firm.