

FEDERATION OF CANADIAN ARTISTS
FINANCIAL STATEMENTS
DECEMBER 31, 2007

FEDERATION OF CANADIAN ARTISTS

DECEMBER 31, 2007

CONTENTS

	Page
AUDITOR'S REPORT	3
FINANCIAL STATEMENTS	
Statement of Financial Position	4
Statement of Changes in Net Assets	5
Statement of Operations	6
Cash Flow Statement	7
Notes to the Financial Statements	8 - 11

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, 2007 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, 2007 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.

Burnaby, B.C.
March 7, 2008

Catherine Der

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, 2007

	2007	2006
ASSETS		
CURRENT		
Cash	\$ 87,845	\$ 45,637
Temporary investments	52,423	44,512
Accounts receivable	2,526	2,143
Silver award pins	2,310	2,520
Prepaid expenses	7,574	583
	152,678	95,395
WORKS OF ART (Note 3)	3,000	3,000
CAPITAL ASSETS (Note 4)	13,309	17,604
	\$ 168,987	\$ 115,999
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 25,460	\$ 20,967
Deferred revenue (Note 5)	112,338	91,093
	137,798	112,060
DEFERRED CONTRIBUTIONS (Note 6)	3,600	5,400
	141,398	117,460
NET ASSETS (DEFICIENCY)		
INVESTED IN CAPITAL ASSETS (Note 7)	9,709	12,204
NET ASSETS	17,880	(13,665)
	27,589	(1,461)
	\$ 168,987	\$ 115,999

APPROVED BY THE DIRECTORS:

_____ Director

_____ Director

See accompanying notes

FEDERATION OF CANADIAN ARTISTS

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2007

	Invested in Capital Assets	Unrestricted	2007	2006
(DEFICIT) NET ASSETS, beginning of year	\$ 12,204	\$ (13,665)	\$ (1,461)	\$ 16,751
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(4,710)	33,760	29,050	(18,212)
INVESTED IN CAPITAL ASSETS	2,215	(2,215)	-	-
(DEFICIT) NET ASSETS, end of year	\$ 9,709	\$ 17,880	\$ 27,589	\$ (1,461)

See accompanying notes

FEDERATION OF CANADIAN ARTISTS

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2007

	2007	2006
REVENUES		
Membership fees	\$ 131,974	\$ 123,125
Classes and workshops	94,183	92,358
Gallery sales and exhibition fees	108,770	89,998
B.C. Gaming	15,289	26,000
Donations and fundraising	17,376	8,420
Painting on the Edge event	13,069	16,519
Painting by Numbers event, net (Note 9)	21,915	18,110
Magazine	7,581	7,050
Miscellaneous	8,429	7,108
Amortization of deferred contribution	1,800	1,800
Rental shows	1,350	1,000
Gifted works of art	171,180	-
	592,916	391,488
EXPENSES		
Amortization	6,510	6,534
Artists' share of sale of paintings	53,472	45,659
Classes and workshops	60,512	60,340
Contract services	4,921	5,031
Gallery operations	27,643	22,951
Gifted accession of art	171,180	-
Magazine and postage	50,575	52,081
Office and administration	41,205	36,843
Painting on the Edge event	10,453	11,024
Premises	18,157	18,033
Professional fees	11,204	11,320
Salaries and benefits	108,034	139,884
	563,866	409,700
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	29,050	(18,212)

See accompanying notes

FEDERATION OF CANADIAN ARTISTS

CASH FLOW STATEMENT

YEAR ENDED DECEMBER 31, 2007

	2007	2006
CASH FLOWS FROM:		
OPERATING ACTIVITIES		
Excess (Deficiency) of Revenue over Expenses for the year	\$ 29,050	\$ (18,212)
Charges to Revenue over Expenses not affecting cash flow:		
Amortization	6,510	6,534
Amortization of deferred contributions	(1,800)	(1,800)
	33,760	(13,478)
Changes in non-cash working capital:		
Accounts receivable	(383)	(2,143)
Silver award pins	210	210
Prepaid expenses	(6,991)	1,442
Accounts payable and accrued liabilities	4,493	11,502
Deferred revenue	21,245	(26,675)
	52,334	(29,142)
INVESTING ACTIVITIES		
Purchase of capital assets	(2,215)	(1,980)
Purchase of investments	(6,480)	(5,520)
Increase in investments	(1,431)	(1,535)
	(10,126)	(9,035)
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	42,208	(38,177)
CASH AND EQUIVALENTS, beginning of year	45,637	83,814
CASH AND EQUIVALENTS, end of year	\$ 87,845	\$ 45,637

See accompanying notes

FEDERATION OF CANADIAN ARTISTS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2007

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. 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) Temporary Investments

Temporary 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
Computer software	100 % 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, 2007

(f) Financial Instruments

The Society's financial instruments consist of cash, temporary investments, accounts payable and deferred revenue. Unless otherwise noted, it is management's opinion that the Society is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

(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.

3. WORKS OF ART

As at December 31, 2007, the collection consisted of approximately 565 (2006 - 325) works of art. During the current year, the Society received a bequest from the Estate of Thelma Plant for works of art appraised for \$171,180 (2006 - none). There was one (2006 - seven) works of art from the bequest of the Estate of Stafford Plant sold during the year for net proceeds totalling \$413 after commissions paid of \$110. In addition, there was one (2006 - one) work of art from the bequest of the Estate of Stafford Plant which was used in the painting by numbers event. As at December 31, 2007, the fair market value of the total collection is approximately \$520,000 (2006 - \$350,000).

4. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2007	Net 2006
Computer hardware	\$ 18,734	\$ 15,663	\$ 3,071	\$ 3,230
Computer software	1,209	604	605	-
Furniture and fixtures	43,390	33,977	9,413	12,606
Leasehold improvement	37,483	37,263	220	1,768
	100,816	87,507	13,309	\$ 17,604

FEDERATION OF CANADIAN ARTISTS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2007

5. DEFERRED REVENUE

Deferred revenue consist of the following:

	2007	2006
Deferred membership dues	\$ 65,945	\$ 60,322
Deferred class fees	8,699	23,264
Deferred workshop fees	26,012	5,757
Deferred other	250	1,750
Deferred BC Gaming grants	11,432	-
	\$ 112,338	\$ 91,093

6. 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.

	2007	2006
Balance, beginning of year	\$ 5,400	\$ 7,200
Amortization of deferred contributions	(1,800)	(1,800)
Balance, end of year	\$ 3,600	\$ 5,400

7. INVESTED IN CAPITAL ASSETS

	2007	2006
Balance, beginning of year	\$ 12,204	\$ 14,958
Acquisition of capital assets	2,215	1,980
Amortization	(6,510)	(6,534)
Amount financed by deferred contribution	1,800	1,800
Balance, end of year	\$ 9,709	\$ 12,204

FEDERATION OF CANADIAN ARTISTS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2007

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.

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. PAINTING BY NUMBERS EVENT

During the current year, the Society held an art event which raised funds for general operations. The Statement of Operations include net revenue from this event of \$21,915 (2006 - \$18,110). Gross revenue related to this event was \$130,785 (2006 - \$121,358) and gross expenses related to this event was \$108,870 (2006 - \$103,248).

10. COMMITMENT

The Society has entered into a premises lease agreement expiring in January 31, 2008 and various other equipment leases expiring in the years 2010 and 2011. The minimum annual payments are as follows:

2008	\$	4,617
2009		3,932
2010		3,798
2011		992
		<hr/>
	\$	13,339
