
FINANCIAL STATEMENTS

FEDERATION OF CANADIAN ARTISTS

Unaudited

December 31, 2018



FEDERATION OF CANADIAN ARTISTS

FINANCIAL STATEMENTS

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for the year ended December 31, 2018

Unaudited

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of Federation of Canadian Artists

We have reviewed the accompanying financial statements of **Federation of Canadian Artists** that comprise the statement of financial position as at December 31, 2018 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 misstatements, 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 engagements, which require 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 Federation of Canadian Artists as at December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO).

Vancouver, BC
May 14, 2019



Pace Accounting Inc.
Chartered Professional Accountants

FEDERATION OF CANADIAN ARTISTS
STATEMENT OF FINANCIAL POSITION

as at December 31 Unaudited

	2018	2017
	\$	\$
ASSETS		
CURRENT		
Cash and Cash Equivalents	210,946	189,978
Inventory (Note 3)	22,280	23,880
Prepaid Expenses	3,866	1,660
	237,092	215,518
LONG-TERM		
Property and Equipment (Note 5)	8,881	9,393
	245,973	224,911

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts Payable and Accrued Liabilities (Note 6)	42,185	24,823
Deferred Revenue (Note 7)	117,686	100,836
Current Portion of Capital Lease Obligation (Note 8)	1,728	1,673
	161,599	127,332

LONG-TERM LIABILITIES		
Capital Lease (Note 8)	3,164	4,892
	164,763	132,224

NET ASSETS		
Unrestricted Net Assets	81,210	92,687
	81,210	92,687
	245,973	224,911

Works of Art Collection (Note 4)

Commitments (Note 9)

Contingent Liability (Note 13)

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 \$	2018 Total \$	2017 Total \$
NET ASSETS			
Balance, beginning of year	92,687	92,687	95,536
Excess (Deficiency) of Revenues over Expenses	(11,477)	(11,477)	(2,849)
Balance, end of year	81,210	81,210	92,687

see accompanying notes to financial statements

FEDERATION OF CANADIAN ARTISTS**STATEMENT OF OPERATIONS**

for the year ended December 31 Unaudited

	2018	2017
	\$	\$
REVENUES		
Membership Fees	180,925	178,907
Sales - Paintings	149,376	140,328
Jury and Exhibition	117,882	119,641
Workshops	87,380	114,161
Donations and Fundraising	22,443	11,947
Magazine	13,764	8,381
Sales - Merchandise and Miscellaneous	12,055	16,564
Donated Artwork	7,526	7,577
Grants	4,478	854
	595,829	598,360
EXPENSES		
Salaries and Benefits	261,882	235,692
Artists' Share of Sales	93,594	102,125
Workshops	71,765	84,685
Office and Administration	47,584	43,598
Magazine and Postage	50,208	51,307
Exhibition Expenses	29,155	31,096
Premises	26,379	26,422
Advertising and Promotion	11,441	4,407
Fundraising	6,310	1,136
Professional Fees	5,143	10,709
Amortization	2,195	2,510
Donated Artwork	1,650	7,522
	607,306	601,209
Excess (Deficiency) of Revenues over Expenses	(11,477)	(2,849)

see accompanying notes to financial statements

FEDERATION OF CANADIAN ARTISTS
STATEMENT OF CASH FLOWS

for the year ended December 31 Unaudited

	2018	2017
	\$	\$

CASH FLOWS FROM OPERATING ACTIVITIES

Excess (deficiency) of revenues over expenses	(11,477)	(2,849)
Adjustments to reconcile net income to cash provided by operating activities:		
Amortization	2,195	2,510
Change in non-cash working capital items:		
(Increase) Decrease in Accounts Receivable	-	735
(Increase) Decrease in Inventory	1,600	2,595
(Increase) Decrease in Prepaid Expenses	(2,206)	3,026
Increase (Decrease) in Accrued Liabilities	17,360	(119)
Increase (Decrease) in Deferred Revenue	16,850	(1,237)
Cash provided by operating activities	24,322	4,661

CASH FLOWS FROM INVESTING ACTIVITIES

Acquisition of Property and Equipment	(1,682)	-
Cash provided by (used in) investing activities	(1,682)	-

CASH FLOWS FROM FINANCING ACTIVITIES

Capital Lease Obligation Repaid	(1,672)	(1,620)
Cash provided by (used in) financing activities	(1,672)	(1,620)

INCREASE IN CASH	20,968	3,041
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Cash and Cash Equivalents, beginning of year	189,978	186,937
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Cash and Cash Equivalents, end of year	210,946	189,978
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Cash and Cash Equivalents Consist of:

Cash Deposits in Bank	210,946	189,978
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see accompanying notes to financial statements

FEDERATION OF CANADIAN ARTISTS

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

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 its members as well as for 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") in Part III of the CPA Canada Handbook and include the following significant accounting policies:

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 workshop fees are recognized as revenue upon completion of the course. Revenue from sales and fees is recognized when the goods are delivered or when the services are provided.

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 and Cash Equivalents

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

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 management.

FEDERATION OF CANADIAN ARTISTS

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

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Note 2 - Significant Accounting Policies (Continued)

Works of Art Collection

Donated art works from the Estate of Stafford Plant and permanent collection donated by members are recorded at a nominal value. The Society periodically examines the estimated fair market value of these artworks.

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, fixtures and equipment	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.

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.



FEDERATION OF CANADIAN ARTISTS

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

Unaudited

Note 2 - Significant Accounting Policies (Continued)

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.

Note 3 - Inventory

Inventory consists of:

	2018	2017
	\$	\$
Silver Pins	840	840
Paintings - 9 pieces (2017 - 10 pieces)	17,940	19,540
Books	500	500
Estate of Stafford Plant Paintings *	3,000	3,000
	22,280	23,880

* As at December 31, 2018, there were 304 paintings from the bequest of the Estate of Stafford Plant held for sale. Due to the high cost of appraisals, the fair market value of the donated paintings has not been determined. The nominal value of \$3,000 is included in inventory.

There were nine pieces were sold during the year for \$4,912.

Note 4 - Works of Art Collection

There are 75 paintings donated by members and 11 paintings from the bequest of the Estate of Stafford Plant held as a permanent collection. Due to the high cost of appraisals, the fair market value of the donated paintings has not been determined. The nominal value of \$1 is not recorded in the financial statements.

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

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Note 5 - Property and Equipment

Property and equipment consist of:

	2018			2017
	Cost	Accumulated Amortization	Net	Net
	\$	\$	\$	\$
Furniture, Fixtures and Equipment	43,248	41,372	1,876	1,743
Computer Equipment	25,475	23,867	1,608	904
Leasehold Improvements	13,157	13,157	-	-
Equipment Under Capital Lease	9,370	3,973	5,397	6,746
	91,250	82,369	8,881	9,393

Furniture, fixtures and equipment additions were \$535 in the year (2017 - \$nil). Computer equipment additions were \$1,147 in the year (2017 - \$nil). Equipment under capital lease additions were \$nil in the year (2017 - \$nil).

Note 6 - Accounts Payable and Accrued Liabilities

	2018	2017
	\$	\$
Trade Payables	16,462	9,728
Government Remittances	7,387	3,991
Staff Payroll Payable	18,336	11,104
	42,185	24,823

Note 7 - Deferred Revenue

Deferred revenue consists of the following:

	2018	2017
	\$	\$
Deferred Membership Dues	88,810	71,790
Deferred Income - Workshops	15,323	14,637
Deferred Income - Retreat	7,875	7,757
Deferred Donations	4,470	6,220
Deferred Fees	1,151	375
Deferred Gaming Grant	57	57
	117,686	100,836

FEDERATION OF CANADIAN ARTISTS

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Note 8 - Capital Lease Obligation

The capital lease is for a 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 \$189 was related to the capital lease obligation in 2018.

	2018	2017
	\$	\$
Capital lease obligation	4,892	6,565
Less: current portion of capital lease obligation	(1,728)	(1,673)
Long-term	3,164	4,892

The future minimum lease payments are as follows:

2019	1,728
2020	1,785
2021	1,379
	4,892

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

Note 9 - Commitments

The Federation entered into a new lease for premises with Canada Mortgage and Housing Corporation (CMHC) commencing February 1, 2018 and expiring on January 31, 2021, with one option to renew for two years. The minimum annual lease payments for the next three years are as follows:

	\$
2019	13,955
2020	15,748
2021	1,325

Note 10 - Related Parties

Chapters

The Society has twelve individual Chapters operating in various cities in British Columbia and Alberta. 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 Chapter.



FEDERATION OF CANADIAN ARTISTS

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Note 10 - Related Parties (Continued)

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 2018, \$10,185 was received for Chapter jury fees (2017 - \$9,490), \$Nil was received for Chapter exhibition entry fees (2017 - \$1,199), a total of \$6,209 was paid for Chapter show reimbursements (2017 - \$5,800), \$6,955 was paid for Chapter outreach (2017 - \$Nil), and \$100 was paid for Chapter start up (2017 - \$Nil).

Board Members

Board members are occasionally instructors at workshops or classes. During the year, a total of \$980 was paid to board members for instructor fees (2017 - \$5,520).

Note 11 - 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.

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 market risk.

Note 12 - 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 paid \$980 to directors who worked as workshop instructors, and one employee was paid over \$75,000 in 2018.

Note 13 - Contingent Liability

The Society receives and sells works of art on consignment. In the event of a fire, flood or similar disaster in their gallery, the Society would be liable for any damages to these paintings. Paintings are insured and management believes that the insurance coverage is adequate.