
FINANCIAL STATEMENTS

FEDERATION OF CANADIAN ARTISTS

Unaudited

December 31, 2020



FEDERATION OF CANADIAN ARTISTS

FINANCIAL STATEMENTS

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for the year ended December 31, 2020

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, 2020 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, 2020, 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
June 8, 2021

Pace Accounting Inc.
Chartered Professional Accountants

FEDERATION OF CANADIAN ARTISTS
STATEMENT OF FINANCIAL POSITION

as at December 31 Unaudited

	2020	2019
	\$	\$
ASSETS		
CURRENT		
Cash and Cash Equivalents	314,102	223,537
Inventory (Note 2 and Note 3)	433,673	406,309
Prepaid Expenses	20,063	17,481
	767,838	647,327
LONG-TERM		
Works of Art Collection (Note 2 and 4)	1	1
Tangible Capital Assets (Note 2 and Note 5)	18,328	10,809
	786,167	658,137
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Liabilities (Note 6)	38,372	36,725
Deferred Revenue (Note 7)	562,279	538,745
Current Portion of Capital Lease Obligation (Note 8)	1,379	1,785
	602,030	577,255
LONG-TERM LIABILITIES		
Canada Emergency Business Account Loan (Note 10)	30,000	-
Capital Lease (Note 8)	-	1,379
	632,030	578,634
NET ASSETS		
Unrestricted Net Assets	154,137	79,503
	154,137	79,503
	786,167	658,137

Commitments (Note 11)

Contingent Liability (Note 15)

see accompanying notes to financial statements

Director:

Director:



ACCOUNTING INC.
Chartered Professional Accountants

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

for the year ended December 31

Unaudited

	Unrestricted \$	2020 Total \$	2019 Total \$
NET ASSETS			
Balance, beginning of year	79,503	79,503	81,210
Excess (Deficiency) of Revenues over Expenses	74,634	74,634	(1,707)
Balance, end of year	154,137	154,137	79,503

see accompanying notes to financial statements

FEDERATION OF CANADIAN ARTISTS**STATEMENT OF OPERATIONS**

for the year ended December 31 Unaudited

	2020	2019
	\$	\$
REVENUES		
Membership Fees	214,665	180,486
Sales - Paintings	211,716	167,894
Jury and Exhibition	167,109	122,016
Donations and Fundraising	25,155	21,925
Grants	24,260	17,850
Donated Artwork and Supplies	23,253	11,693
Workshops	19,910	91,145
Rental	11,983	1,551
Sales - Merchandise and Miscellaneous	11,039	37,593
Magazine	370	9,402
	709,460	661,555
EXPENSES		
Salaries and Benefits	298,896	255,787
Artists' Share of Sales	136,592	111,120
Premises (Note 9)	58,722	26,989
Office and Administration	51,514	55,770
Exhibition Expenses	41,355	41,920
Magazine and Postage	22,773	44,578
Professional Fees	8,953	9,098
Workshops	8,328	85,506
Donated Artwork and Supplies	8,045	19,065
Advertising and Promotion	7,918	7,467
Amortization	4,142	2,471
Fundraising	2,068	3,491
	649,306	663,262
Income (Loss) from Operations	60,154	(1,707)
Canada Emergency Wage Subsidy (Note 10)	14,480	—
Excess (Deficiency) of Revenues over Expenses	74,634	(1,707)

see accompanying notes to financial statements

FEDERATION OF CANADIAN ARTISTS
STATEMENT OF CASH FLOWS

for the year ended December 31	Unaudited	
	2020	2019
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	74,634	(1,707)
Adjustments to reconcile net income to cash provided by operating activities:		
Amortization	4,142	2,471
Change in non-cash working capital items:		
(Increase) Decrease in Inventory	(27,364)	(384,029)
(Increase) Decrease in Prepaid Expenses	(2,582)	(13,615)
Increase (Decrease) in Accrued Liabilities	1,647	(5,459)
Increase (Decrease) in Deferred Revenue	23,534	421,059
Cash provided by operating activities	74,011	18,720
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of Property and Equipment	(11,661)	(4,401)
Cash provided by (used in) investing activities	(11,661)	(4,401)
CASH FLOWS FROM FINANCING ACTIVITIES		
Canada Emergency Business Account Loan	30,000	-
Capital Lease Obligation Repaid	(1,785)	(1,728)
Cash provided by (used in) financing activities	28,215	(1,728)
INCREASE IN CASH	90,565	12,591
Cash and Cash Equivalents, beginning of year	223,537	210,946
Cash and Cash Equivalents, end of year	314,102	223,537

Cash and Cash Equivalents Consist of:

Cash Deposits in Bank	314,102	223,537
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see accompanying notes to financial statements



FEDERATION OF CANADIAN ARTISTS

NOTES TO FINANCIAL STATEMENTS

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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 taxes 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. Rental income is recorded as earned.

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 a maturity period of three months or less from the date of acquisition.

Inventory

Purchased inventory is valued at the lower of cost and net realizable value. The value of donated goods and paintings is generally determined on the specific identification basis by management, but occasionally the value is determined by appraisal if the donations are significant.



FEDERATION OF CANADIAN ARTISTS

NOTES TO FINANCIAL STATEMENTS

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Note 2 - Significant Accounting Policies (Continued)

Works of Art Collection

Donated artworks from the Estate of Stafford Plant and the permanent collection donated by members are recorded at a nominal value. The Society periodically examines the estimated fair market value of these artworks. Conservation costs are expensed in the year in which they are incurred.

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, loan 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, 2020

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:

	2020	2019
	\$	\$
Lithographic and Silkscreen Prints	355,999	332,755
Paintings	56,009	51,889
Art Cards and Miscellaneous Items	18,665	18,665
Estate of Stafford Plant Paintings *	3,000	3,000
	433,673	406,309

* As at December 31, 2020, there were 279 (2019 - 291) paintings from the bequest of the Estate of Stafford Plant held for sale. Since the fair market value of these donated paintings cannot be reasonably determined, a nominal value of \$3,000 is recorded as inventory.

There were 12 pieces sold during the year for \$10,215 (2019 - 13 pieces sold for \$6,990).

Note 4 - Works of Art Collection

The collection consists mainly of original paintings that are not held for sale. There are 76 paintings donated by members and 11 paintings from the bequest of the Estate of Stafford Plant. Since the fair market value of these donated paintings cannot be reasonably determined, the items in questions are recorded at nominal value of \$1. During the year, the organization incurred an expense of \$Nil (2019 - \$25) for the normal maintenance of its permanent collection of works of art.

FEDERATION OF CANADIAN ARTISTS

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Note 5 - Tangible Capital Assets

Tangible capital assets consist of:

	2020			2019
	Cost	Accumulated Amortization	Net	Net
	\$	\$	\$	\$
Furniture, Fixtures and Equipment	50,805	43,257	7,548	3,772
Computer Equipment	27,267	23,309	3,958	2,719
Equipment Under Capital Lease	9,370	5,916	3,454	4,318
Leasehold Improvements	4,210	842	3,368	-
	91,652	73,324	18,328	10,809

Total capital assets additions were \$11,661 in the year (2019 - \$4,401).

Note 6 - Accounts Payable and Accrued Liabilities

	2020	2019
	\$	\$
Trade Payables	5,502	12,412
Government Remittances	11,343	7,388
Staff Payroll Payable	21,527	16,925
	38,372	36,725

Note 7 - Deferred Revenue

Deferred revenue consists of the following:

	2020	2019
	\$	\$
Deferred Donations	429,508	402,144
Deferred Membership Dues	111,465	96,615
Deferred Income - Retreat	20,024	35,170
Deferred Fees	1,245	675
Deferred Gaming Grant	37	37
Deferred Income - Workshops	-	4,104
	562,279	538,745

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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 \$77 was related to the capital lease obligation in 2020.

	2020	2019
	\$	\$
Capital lease obligation	1,379	3,164
Less: current portion of capital lease obligation	(1,379)	(1,785)
Long-term	-	1,379

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

Note 9 - Non-monetary Transactions

The Society was permitted to use retail space as a second gallery for three months during the year. These transactions are accounted for at the fair value of the services provided. During the year, these transactions totaled \$15,207 (2019 - \$Nil).

Note 10 - Government Assistance

The Society received a Canada Emergency Business Account loan in the amount of \$40,000 during the year. No principal repayment is required before December 31, 2022. Repaying the outstanding balance of the loan (other than the amount available to be forgiven) on or before December 31, 2022 will result in loan forgiveness of 25 percent (\$10,000). Interest of 0% per annum will apply until December 31, 2022. Should the loan remain outstanding after December 31, 2022, only interest payments of 5% per annum will be required until the full principal is due on December 31, 2025. The forgivable portion \$10,000 has been recognized as grant revenue in year.

During the year, the Society also received the Canada Emergency Wage Subsidy in the total amount of \$14,480.

Note 11 - Commitments

The Society entered into a 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 payment for the next year is \$1,325.

The Society also entered into another lease for premises with Canada Mortgage and Housing Corporation (CMHC) commencing June 1, 2020 and expiring on May 31, 2021, with one option to renew for two years. The minimum annual lease payment for the next year is \$8,171.

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Note 12 - Related Parties

Chapters

The Society has fourteen individual Chapters operating in various cities in British Columbia, Alberta, and Ontario. 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.

Society may contribute \$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. The following transactions relating to Chapters are recorded in the Society's revenues and expenses:

	2020	2019
	\$	\$
Revenues:		
Chapter Jury Fees	33,611	17,570
Expenses:		
Chapter show reimbursements	(14,185)	(8,511)
Chapter outreach	(261)	(980)
	(14,446)	(9,491)

The amount of \$270 was due to one Chapter as at December 31, 2020. There are no special terms or conditions related to the amount due.

Board Members

Board members are occasionally instructors at workshops or classes. During the year, a total of \$240 was paid to board members for instructor fees (2019 - \$5,850).

All related party transactions are recorded at the exchange value. This value corresponds to the consideration agreed upon by the parties.

FEDERATION OF CANADIAN ARTISTS

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Note 13 - Financial Instruments

The significant risks arising from financial instruments to which the Society is exposed as at December 31, 2020 are detailed below.

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 loan payable. Cash flow from operations provides a substantial portion of the Society's cash requirements.

Note 14 - 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 \$240 to a director who worked as a workshop instructor, and one employee was paid over \$75,000 in 2020.

Note 15 - 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. An estimate of the amount of the contingent liability cannot be made. Paintings are insured and management believes that the insurance coverage is adequate.

Note 16 - COVID-19

Due to COVID-19 restrictions, the Gallery closed in March 2020, all but two employees were laid off, and all workshops were postponed. The business reopened on May 25, 2020 as the COVID-19 restrictions were lifted. Live and pre-recorded online instruction was provided. However, the annual retreat had to be cancelled in 2020. The Society plans to hold this significant event in September 2021 instead.