
FINANCIAL STATEMENTS

FEDERATION OF CANADIAN ARTISTS

December 31, 2023



FEDERATION OF CANADIAN ARTISTS

FINANCIAL STATEMENTS

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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, 2023 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, 2023, 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).

Burnaby, BC
March 28, 2024

Pace Accounting Inc.
Chartered Professional Accountants

FEDERATION OF CANADIAN ARTISTS
STATEMENT OF FINANCIAL POSITION

as at December 31

	2023	2022
	\$	\$
ASSETS		
CURRENT		
Cash and Cash Equivalents	244,457	388,310
Inventory (Note 2 and Note 3)	493,142	431,199
Prepaid Expenses	3,918	2,094
	741,517	821,603
LONG-TERM		
Works of Art Collection (Note 2 and 4)	1	1
Tangible Capital Assets (Note 2 and Note 5)	18,075	24,128
	759,593	845,732
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Liabilities (Note 6)	18,311	41,870
Deferred Revenue (Note 7)	641,344	568,036
	659,655	609,906
NET ASSETS		
Unrestricted Net Assets	99,938	235,826
	759,593	845,732

Commitments (Note 8)

Contingent Liability (Note 12)

see accompanying notes to financial statements

Director:

Director:



FEDERATION OF CANADIAN ARTISTS

STATEMENT OF CHANGES IN NET ASSETS

for the year ended December 31

	Unrestricted \$	2023 Total \$	2022 Total \$
NET ASSETS			
Balance, beginning of year	235,826	235,826	252,589
Excess of Revenues over Expenses	(135,888)	(135,888)	(16,763)
Balance, end of year	99,938	99,938	235,826

see accompanying notes to financial statements



FEDERATION OF CANADIAN ARTISTS

STATEMENT OF OPERATIONS

for the year ended December 31

	2023	2022
	\$	\$
REVENUES		
Membership Fees	225,795	230,590
Jury and Exhibition	208,453	166,074
Sales - Paintings	167,909	227,802
Workshops	134,798	145,053
Rental	38,275	34,858
Sales - Merchandise and Miscellaneous	17,046	10,967
Donations and Fundraising	16,837	18,143
Magazine	8,300	12,165
Grants	5,026	—
	822,439	845,652
EXPENSES		
Salaries and Benefits	414,210	356,173
Artists' Share of Sales	102,658	132,692
Professional Fees	97,776	8,771
Workshops	78,719	98,093
Office and Administration	73,388	57,825
Exhibition Expenses	70,186	62,662
Premises	66,159	64,942
Magazine and Postage	37,684	60,893
Advertising and Promotion	9,562	10,144
Amortization	6,053	5,880
Donated Artwork and Supplies	1,537	2,450
Fundraising	395	1,890
	958,327	862,415
Excess (Deficiency) of Revenues over Expenses	(135,888)	(16,763)

see accompanying notes to financial statements

FEDERATION OF CANADIAN ARTISTS
STATEMENT OF CASH FLOWS

for the year ended December 31

	2023	2022
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	(135,888)	(16,763)
Adjustments to reconcile net income to cash provided by operating activities:		
Amortization	6,053	5,880
Change in non-cash working capital items:		
(Increase) Decrease in Inventory	(61,943)	2,174
(Increase) Decrease in Prepaid Expenses	(1,824)	10,323
Increase (Decrease) in Payables and Accrued Liabilities	(23,559)	(13,463)
Increase (Decrease) in Deferred Revenue	73,308	12,576
Cash provided by operating activities	(143,853)	727
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of Property and Equipment	—	(6,858)
Cash provided by (used in) investing activities	—	(6,858)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of CEBA Loan	—	(40,000)
Cash provided by (used in) financing activities	—	(40,000)
INCREASE IN CASH	(143,853)	(46,131)
Cash and Cash Equivalents, beginning of year	388,310	434,441
Cash and Cash Equivalents, end of year	244,457	388,310

Cash and Cash Equivalents Consist of:

Cash Deposits in Bank	244,457	388,310
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see accompanying notes to financial statements



FEDERATION OF CANADIAN ARTISTS

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

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.



FEDERATION OF CANADIAN ARTISTS

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

Note 2 - Significant Accounting Policies (Continued)

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.

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
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.

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.

FEDERATION OF CANADIAN ARTISTS

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

Note 2 - Significant Accounting Policies (Continued)

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.

Note 3 - Inventory

Inventory consists of:

	2023	2022
	\$	\$
Lithographic and Silkscreen Prints	423,515	355,699
Paintings	52,297	53,835
Art Cards and Miscellaneous Items	14,330	18,665
Estate of Stafford Plant Paintings *	3,000	3,000
	493,142	431,199

* Estate of Stafford Plant Paintings

	2022	2023	
		Change in	Closing
		year	
Held for Sale	206	-12	194
Not for Sale	9		9
	215	-12	203

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 \$5,800 (2022 - 26 pieces sold for \$15,943).

FEDERATION OF CANADIAN ARTISTS

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

Note 4 - Works of Art Collection

The collection consists mainly of original paintings that are not held for sale. There are 100 paintings, 25 prints, and 7 miscellaneous works of art donated by members, and 9 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 question are recorded at a nominal value of \$1. During the year, the organization incurred an expense of \$nil (2022 - \$12) for the normal maintenance of its permanent collection of works of art.

Note 5 - Tangible Capital Assets

Tangible capital assets consist of:

	2023			2022
	Cost	Accumulated Amortization	Net	Net
	\$	\$	\$	\$
Furniture, Fixtures and Equipment	70,376	58,200	12,176	15,220
Computer Equipment	29,863	24,806	5,057	7,224
Leasehold Improvements	4,210	3,368	842	1,684
	104,449	86,374	18,075	24,128

Total capital assets additions were \$nil in the year (2022 - \$6,858).

Note 6 - Accounts Payable and Accrued Liabilities

	2023	2022
	\$	\$
Trade Payables	333	6,428
Government Remittances	11,948	9,576
Staff Payroll Payable	6,030	25,866
	18,311	41,870

FEDERATION OF CANADIAN ARTISTS

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

Note 7 - Deferred Revenue

Deferred revenue consists of the following:

	2023	2022
	\$	\$
Deferred Donations *	488,977	427,034
Deferred Membership Dues	117,810	95,520
Deferred Income - Retreat	12,000	29,800
Deferred Contributions**	8,000	9,000
Deferred Fees	14,520	6,645
Deferred Gaming Grant	37	37
	641,344	568,036

* Included in the deferred donations are the donated artworks held for sale. There was value of \$68,824 in-kind donations received in current year, value of \$1,538 sold; value of \$5,343 obsoleted items were written off.

** Deferred Contributions are restricted donation (\$10,000) received for first place in Abstract Exhibition prizes of \$1,000 to be awarded annually.

Note 8 - Commitments

The Society's lease for premises with Canada Mortgage and Housing Corporation (CMHC) expired in 2023. The lease has not been renewed and the rent is now on month to month basis.

The current monthly rent is \$1,947 for office and \$2,405 for studio space.

Note 9 - 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.

FEDERATION OF CANADIAN ARTISTS

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

Note 9 - Related Parties (Continued)

The Society's financial statements do not include the financial activities of the Chapters. The Society may contribute \$100 to their start up. Sometimes the Society collects submission fees for online jurying and also collects donations 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:

	2023	2022
	\$	\$
Revenues:		
Chapter Jury Fees	42,474	24,627
	42,474	24,627
Expenses:		
Chapter Show Reimbursements	(28,944)	(15,411)
	(28,944)	(15,411)

No amounts were due to the Chapters as at December 31, 2023 (2022 - nil). There are no special terms or conditions related to any amounts due.

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

Note 10 - Financial Instruments

The significant risks arising from financial instruments to which the Society is exposed as at December 31, 2023 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. Cash flow from operations provides a substantial portion of the Society's cash requirements.

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 paid \$4,225 to one director for fee for services, and the previous Executive Director was paid over \$75,000 in 2023.

FEDERATION OF CANADIAN ARTISTS

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

Note 12 - 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.

