

ANNAPOLIS REGION COMMUNITY ARTS COUNCIL

ANNAPOLIS ROYAL

(See notice to reader)

FINANCIAL STATEMENTS

DECEMBER 31, 2019

C O N T E N T S

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To the Reader

On the basis of information provided by Management, I have compiled the Balance sheet of Annapolis Region Community Arts Council as at December 31, 2019 and the statements of Income and Net Assets for the year then ended.

I have not performed an audit or a review engagement in respect of these financial statements and accordingly, I express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

Prepared for

Annapolis Region Community Arts Council
Annapolis Royal

January 30, 2020

ANNAPOLIS REGION COMMUNITY ARTS COUNCIL
BALANCE SHEET
DECEMBER 31, 2019

ASSETS

| | <u>2019</u> | <u>2018</u> |
|---|--------------------------|--------------------------|
| Current Assets: | | |
| Cash | \$ 34,263 | \$ 56,061 |
| Receivables & HST Recoverable | 3,981 | 1,790 |
| Prepaid Expenses | --- | --- |
| Current Investments & Securities (note 4) | <u>114,211</u> | <u>103,238</u> |
| | 152,455 | 161,090 |
| Fixed Assets - Capital (note 1) | 154,151 | 153,861 |
| Fixed Assets - Artwork | <u>3,772</u> | <u>3,772</u> |
| | <u>157,924</u> | <u>157,634</u> |
| Total Assets | <u>\$ 310,379</u> | <u>\$ 318,723</u> |

LIABILITIES AND NET ASSETS

| | | |
|--|--------------------------|--------------------------|
| Current Liabilities: | | |
| Accounts Payable – Trade | --- | \$ 577 |
| Government Remittances (note 2) | \$ 1,000 | --- |
| Accrued Liabilities | 200 | 270 |
| Prepaid Sales and Services | 2,509 | 1,720 |
| Loans Payable Within Period and Deferred Grants (note 3) | <u>17,355</u> | <u>17,355</u> |
| Total Liabilities | 21,064 | 19,922 |
| Net Assets (See Statement of Societies Net Assets) | <u>289,315</u> | <u>298,801</u> |
| Total Liabilities & Net Assets | <u>\$ 310,379</u> | <u>\$ 318,723</u> |

_____: Officer

_____: Officer

ANNAPOLIS REGION COMMUNITY ARTS COUNCIL
STATEMENT OF LOSS & DEFICIT
12 MONTHS ENDED DECEMBER 31, 2019

| Revenue | <u>2019</u> | <u>2018</u> |
|---|-------------------|-------------------|
| Earned Revenue: | | |
| Fee Workshops and Classes | \$ 3,676 | \$ 6,584 |
| Memberships | 4,069 | 3,677 |
| Facilities Rental and Sale of Art: | | |
| Gallery Rentals | 1,549 | 2,376 |
| Membership Art Sales | 3,970 | 8,716 |
| Programs | - | 2,459 |
| Other Earned Revenue: | | |
| Interest Income | 2,312 | 1,796 |
| Other Event Revenue | 3,850 | - |
| Office | 11 | 360 |
| Total Earned Revenue | <u>19,437</u> | <u>25,968</u> |
| Private Sector Revenue: | | |
| Donations | 4,277 | 27,060 |
| Fund-raising - Public Grants | - | 8,247 |
| Fundraising - Auction | 31,346 | 42,329 |
| Total Private Sector Revenue | <u>35,623</u> | <u>77,636</u> |
| Public Sector Revenue: | | |
| Other Federal Grants | 1,777 | - |
| Federal Funding - Operating | 20,000 | 20,000 |
| Provincial Funding - Operating | 28,000 | 28,000 |
| Municipal - Projects | - | 500 |
| Provincial - Public Grants | 7,847 | - |
| Total Public Sector Revenue | <u>57,624</u> | <u>48,500</u> |
| Total Revenue | \$ 112,684 | \$ 152,103 |

ANNAPOLIS REGION COMMUNITY ARTS COUNCIL
STATEMENT OF LOSS & DEFICIT
12 MONTHS ENDED DECEMBER 31, 2019

Expenses

Artistic :

| | | |
|-------------------------------|---------------|---------------|
| Artists and Professional Fees | \$ 33,839 | \$ 38,391 |
| Artistic Salaries | 19,080 | - |
| Total Artistic Expense | <u>52,919</u> | <u>38,391</u> |

Programs:

| | | |
|--|---------------|---------------|
| Exhibition Expense | 4,149 | - |
| Professional Development for Artists | 746 | - |
| Education and Audience, Development | 198 | 1,211 |
| Other Artistic, Program and Services Expense | 16,956 | 19,676 |
| Scholarship Expense | - | 230 |
| Total Programing Expense | <u>22,048</u> | <u>21,117</u> |

Facilities:

| | | |
|--|---------------|---------------|
| Insurance Expense | 2,886 | 2,734 |
| Property Taxes | 1,933 | 1,904 |
| Repairs and Maintenance | 3,306 | 7,457 |
| Grounds Expense | 1,796 | 2,108 |
| Utilities - Telephone | 932 | 1,312 |
| Utilities - Power, Water and Furnace Oil | 4,101 | 4,403 |
| Total Facility Expense | <u>14,955</u> | <u>19,919</u> |

Marketing and Communications:

| | | |
|----------------------------|-------|-------|
| Advertising and Promotions | 3,660 | 4,364 |
|----------------------------|-------|-------|

Fundraising:

| | | |
|---------------------|-------|-----|
| Fundraising Expense | 1,552 | 416 |
|---------------------|-------|-----|

Administrative:

| | | |
|--|---------------|---------------|
| Administrative Salaries | 19,422 | 38,514 |
| Professional Fees | 3,262 | 2,946 |
| Bank Fees, Charges & Credit Card Expense | 1,330 | 1,966 |
| Office Expenses | 3,214 | 3,881 |
| Other Expenditures | - | 385 |
| Total Administrative Expense | <u>27,228</u> | <u>47,691</u> |

Total Expenses

| | |
|----------------|----------------|
| <u>122,361</u> | <u>131,898</u> |
|----------------|----------------|

Excess of Expenditure Over Revenue

| | |
|-------------------|------------------|
| <u>\$ (9,677)</u> | <u>\$ 20,206</u> |
|-------------------|------------------|

ANNAPOLIS REGION COMMUNITY ARTS COUNCIL
STATEMENT OF SOCIETIES NET ASSETS
YEAR ENDED 2019

| | Unrestricted Net Assets | Capital Net Assets | Endowment Fund Equity | Scholarship Fund Equity | Total |
|------------------------------------|----------------------------|-----------------------|--------------------------|----------------------------|------------|
| (Unaudited - See Notice to Reader) | | | | | |
| Balance, beginning of year | \$ 53,457 | \$ 204,510 | \$ 20,154 | \$ 20,681 | \$ 298,801 |
| amortization of capital assets | 50,650 | (50,650) | | | |
| Excess of expenditure over revenue | (9,677) | | | | (9,677) |
| Increases during year | --- | --- | --- | --- | --- |
| | 94,429 | 153,860 | 20,154 | 20,681 | 289,123 |
| Decreases during period | (192) | --- | --- | --- | (192) |
| Balance, end of year | \$ 94,621 | \$ 153,860 | \$ 20,154 | \$ 20,681 | \$ 289,315 |

ANNAPOLIS REGION COMMUNITY ARTS COUNCIL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

Revenue recognition

We recognize revenue when earned, specifically when all the following conditions are met:

Services are provided or delivered to members.
Amounts are fixed or can be determined.
Our ability to collect is reasonably assured.
There is no significant obligation for future performance.
The amount of future returns can be reasonably estimated.

We record payments and contributions received in advance including upfront non-refundable payments as deferred revenues until we provide the service or as such time related expenses are incurred.

| 1. Fixed Assets | Rate | Cost | Accumulated Depreciation | 2019 | 2018 |
|--|------|-------------------|-----------------------------|-------------------|-------------------|
| | | | | Net Book Value | |
| Land | | \$ 69,485 | - | \$ 69,485 | \$ 69,485 |
| Buildings | | 27,532 | - | 27,532 | 27,532 |
| Signs | | 500 | - | 500 | 500 |
| Building Improvements | 5yr | 103,841 | \$ 48,147 | 55,694 | 55,694 |
| Computer Equipment | 45% | 3,442 | 2,502 | 940 | 650 |
| | | <u>\$ 204,801</u> | <u>\$ 50,650</u> | <u>\$ 154,151</u> | <u>\$ 153,861</u> |
| 2. Government Remittances | | | | 2019 | 2018 |
| HST Payable | | | | - | - |
| Employee Income Tax Payable | | | | \$ 523 | - |
| CPP | | | | 334 | - |
| EI | | | | 143 | - |
| | | | | <u>\$ 1,000</u> | <u>-</u> |
| 3. Loans Payable Within Period and Deferred Grants | | | | 2019 | 2018 |
| Deferred Grant Funds: Provincial Operating | | | | \$ 10,683 | \$ 10,683 |
| Deferred Grant Funds: Canada Council | | | | 6,672 | 6,672 |
| | | | | <u>\$ 17,355</u> | <u>\$ 17,355</u> |
| 4. Current Investments and Securities | | | | 2019 | 2018 |
| Endowment GIC's Consolidated | | | | \$ 21,529 | \$ 21,150 |
| Scholarship GIC's Consolidated | | | | 26,055 | 25,568 |
| Contingency GIC's Consolidated | | | | 66,626 | 56,520 |
| | | | | <u>\$ 114,211</u> | <u>\$ 103,238</u> |
| 5. "Paint the Town" Program | | | | 2019 | 2018 |
| Revenue | | | | \$ 33,896 | \$ 38,868 |
| Expenses | | | | 19,765 | 24,838 |
| Net Paint The Town Income | | | | <u>\$ 14,131</u> | <u>\$ 14,030</u> |

NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2019

Changes in Unrestricted Net Assets

The recording of the Accrued liability for payroll not yet paid and adjustment to medical plan payable, totaled \$193.00 in changes.

Grants

Exhibitions (Artist-Run Centre) Grant:

ARCAC's exhibition programming receives core funding through Canada Council's Artist-Run Centre (ARC) program. The grant amounts in 2012 and 2013 were \$22,000 per year, reducing to \$20,000 in 2014 and subsequent years. This grant is used primarily to fund six major exhibitions per year. This grant is pro-rated between fiscal years because the grantor's fiscal year is April 1st to March 31st. The portion that relates to the new fiscal year is recognized as revenue in that year.

Nova Scotia Department of Communities, Culture & Heritage:

ARCAC received an operating grant in the amount of \$28,000 per year since 2012. These funds are used for operating expenses. This grant is pro-rated between fiscal years because the grantor's fiscal year is April 1st to March 31st. The portion that relates to the new fiscal year is recognized as revenue in that year.

Nova Scotia Department of Labour and Advanced Education:

Each year ARCAC applies for a student support grant from the Department of Labour and Advanced Education to assist in the coordination of summer arts programs. During the 2019 fiscal period ARCAC received \$3,717 in funding and in the 2018 fiscal period \$3,312.56 in funding.

Funds were returned not used, \$1,457, that consist of a portion of the CYAP grant for the Poetry program.

"Paint the Town" Program

In the annual Paint the Town program, artists are invited to create art on site in Annapolis Royal, and allow the public to view this process. Then artists display their works in a central location, and a silent auction is then held. ARCAC accepts payments for the items that are sold and subsequently issues payments to the artists of half the sale amount. ARCAC records the full sale amount as revenue, and the artist's payments as expense. There is also a registration fee which is recorded as income.

Endowment Fund

In 1987 an endowment fund was established by ARCAC with a donation of \$20,000. The purpose of the fund is to provide support for ARCAC operations using investment earnings while keeping the \$20,000 corpus intact. Prior to 2010 ARCAC borrowed from this fund, payments transferred back in 2016 ended the liability and brought the fund back to its full value. The Endowment funds are maintained in several investment accounts. The Endowment GIC's currently have a fund value of \$21,150, the original corpus plus remaining interest.

Scholarship Fund

In 1987 an endowment fund was established by ARCAC with a donation of \$20,000. The purpose of the fund is to provide support for ARCAC operations using investment earnings while keeping the \$20,000 corpus intact. The Scholarship GIC's currently have a value of \$25,568, the original corpus plus interest and additional contribution.

Changes in Presentation of Information for Financial Statements

ARCAC has an ongoing reporting requirement to the Canada Arts Council and the Province of Nova Scotia. The Information format used by Canada Arts Council is recognised and accepted by the Nova Scotia Government, its headings and accounting codes are more informative to reporting for an artist run centre. ARCAC has decided to adopt this reporting format to improve on its ability to plan and budget for future periods. The Financial Reports will also match the CADAC system requirements and be more informative to the granting departments. The Financial Statements have been restated for the prior 2018 fiscal year to match the new format used to report the 2019 fiscal period and insure comparability.