

ANNAPOLIS REGION COMMUNITY ARTS COUNCIL

ANNAPOLIS ROYAL

FINANCIAL STATEMENTS

DECEMBER 31, 2015

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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, 2015 and the statement of Income 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

February 22, 2016

ANNAPOLIS REGION COMMUNITY ARTS COUNCIL
BALANCE SHEET
DECEMBER 31, 2015

ASSETS

	<u>2015</u>	<u>2014</u>
Current Assets:		
Cash	\$ 31,187	\$ 52,285
Receivables & HST Recoverable	4,600	6,434
Prepaid Expenses	218	480
Current Investments and Securities (note 4)	<u>76,394</u>	<u>43,579</u>
	112,399	102,778
Fixed Assets - Capital (note 6)	169,257	176,747
Fixed Assets - Artwork	<u>3,772</u>	<u>3,772</u>
	<u>173,030</u>	<u>180,519</u>
Total Assets	<u>\$ 285,429</u>	<u>\$ 283,297</u>

LIABILITIES & NET ASSETS

Current Liabilities:		
Accounts Payable – Trade	\$ 240	\$ 553
Government Remittances (note 7)	1,122	694
Prepaid Sales and Unearned Income	1,372	5,382
Loans Payable Within Period and Deferred Grants (note 8)	<u>16,012</u>	<u>18,242</u>
	18,746	24,872
Long-Term Liabilities (note 9)	<u>13,492</u>	<u>18,093</u>
Total Liabilities	32,238	42,965
Society's Net Assets (note 10)	<u>253,191</u>	<u>240,332</u>
Total Liabilities & Net Assets	<u>\$ 285,429</u>	<u>\$ 283,297</u>

ANNAPOLIS REGION COMMUNITY ARTS COUNCIL
INCOME STATEMENT
12 MONTHS ENDED DECEMBER 31, 2015

<u>Revenue</u>	<u>2015</u>	<u>2014</u>
Donations	\$ 11,464	\$ 20,093
Fund-raising	7,745	17,489
Fundraising - Auction	14,959	---
Gallery Rentals	2,563	3,098
Grants	64,306	84,133
Interest Income	442	611
Member Sales	2,139	7,941
Membership	5,106	4,019
Office	13	46
Programs	<u>52,005</u>	<u>55,040</u>
 <i>Total Revenue</i>	 160,740	 192,470
 <u>Expenses</u>		
Advertising and Promotions	3,059	11,440
Amortization Expense	10,721	14,398
Bank Fees, Charges & Credit Card Expense	2,526	2,286
Cost of Paint the Town	26,605	24,759
Cost of Programing	47,698	60,831
Fundraising Expense	3,137	2,518
Grounds Expense	1,472	1,407
Membership Hospitality Expense	392	1,024
Insurance Expense	2,564	2,332
Miscellaneuos & Supplies	381	355
Office Expenses	2,910	3,493
Other Expenditures	104	262
Payroll Expenses	37,417	41,460
Professional Fees	2,871	3,064
Property Taxes	2,051	1,502
Repairs and Maintenace	3,585	2,577
Scholarship Expense	1,000	1,000
Telephone Expense	1,859	1,867
Utilities	<u>4,354</u>	<u>4,461</u>
 <i>Total Expenditure</i>	 <u>154,708</u>	 <u>181,037</u>
 Excess of Revenue Over Expenditure	 <u>\$ 6,032</u>	 <u>\$ 11,433</u>

ANNAPOLIS REGION COMMUNITY ARTS COUNCIL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

Significant Accounting Policies

These financial statements for the year ended December 31, 2015 have been prepared using the accrual method of accounting. They have not been audited or reviewed by a chartered accountant. These statements were prepared using the following significant accounting policies.

1. Revenue Recognition

ARCAC follows the deferral method of accounting for contributions. Restricted contributions such as some grants are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Membership fees are recorded in the year in which they are current.

2. Contributed Materials and Services

Volunteers contributed extensive hours to assist ARCAC in carrying out its service delivery activities. Because of the difficulty of determining fair value for this work, contributed services are not recognized in the financial statements.

3. 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 2015. 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.

Arts Programming Grants

ARCAC received several grants in 2015 to provide arts programming to the community. These included:

- Five Puzzles – CYAP Grant through the Province of NS department of Communities, Culture and Heritage. The \$1,400 in funds were used to facilitate a partnership / licensing agreement and associated program fees (delivery / technical) with the Museum of Modern Art New York.
- ABEX2015 – As above, much reduced request of \$570 to facilitate the payment of artist fees with another licensing agreement for program delivery through MoMA
- VANS Exhibition Grant \$200 was used towards the costs to mount an exhibition of Felicity Redgrave, RCA paintings
- Scotiabank 2015 \$5,000 community assistance fund through the Bank of Nova Scotia. The funds were used towards operations and programming costs.

A summary of grants and expended amounts are shown in (note 11), restricted net assets.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

4. Current Investments and Securities	<u>2015</u>	<u>2014</u>
Scotia Bank Contingency	\$ 50,544	---
Tangerine Savings	7,508	\$ 25,366
GIC Scotia 151Z5G (Scholarship)	10,012	10,382
GIC Scotia YBC45 (Endowment)	5,206	---
GIC Scotia YBC4T (Endowment)	3,124	7,832
	<u>\$ 76,394</u>	<u>\$ 43,579</u>

On November 30, 2015 the RBC current account was closed out, the e \$40,403.60 in funds were transferred to the Scotia Bank High Interest account (named Contingency). \$10,000 was also transferred from the Tangerine account and a further \$131.47 from the Scotia checking account to the Scotia Contingency account. \$8,000 was transferred to the Scotia Chequing to be transferred into the endowment GIC's within the next period. 2015 GIC's now include fund Descriptions on the financial statements.

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, and in 2012, 2013 and 2014 made payments reducing the liability by \$15,000 in total. The Endowment funds are maintained in several investment accounts.

Scholarship Fund

A Scholarship Fund was established by ARCAC to accept donations restricted to providing scholarships and bursaries to anyone pursuing studies in the arts, including writing. Both the principle and the earnings of the donated funds are to be dedicated to these activities. An amount is allocated annually by the Board for current year awards, and a committee appointed by the Board reviews applications and selects the successful candidates. In 2015 scholarships totaling \$1,000 were distributed. The fund is recognized as a restricted net asset and values are identified in note 10 with a liability to the fund shown in note 9.

5. **"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.

<u>Revenue</u>	<u>2015</u>	<u>2014</u>
Paint The Town Art Sales	\$ 38,762	\$ 41,302
Paint The Town Other Revenue	2,057	2,087
	<u>40,819</u>	<u>43,389</u>
<u>Expenses</u>		
Paint the Town Arts Fees	20,687	21,708
Paint the Town Expenses	5,919	3,051
	<u>26,605</u>	<u>24,759</u>
<i>Net Paint The Town Income</i>	<u>\$ 14,213</u>	<u>\$ 18,630</u>

NOTES TO FINANCIAL STATEMENTS - CONTINUED

6. Fixed Assets

	Rate	2015			2014
		Cost	Accumulated Depreciation	Net Book Value	
Land		\$ 69,485		\$ 69,485	\$ 69,485
Buildings		27,532		27,532	27,533
Buildings Improvements	5yr	103,841	\$ 33,749	70,092	78,842
Computer equipment		2,270		1,648	887
		\$ 203,629	\$ 34,372	\$ 169,257	\$ 176,747

7. Government Remittances & Payroll Payable

	2015	2014
Income Tax Payable	---	\$ 108
CPP Payable	---	30
EI Payable	---	70
Accrued Payroll Payable	\$ 1,122	486
	\$ 1,122	\$ 694

T4 adjustments and overpayments show as a receivable on the balance sheet of \$249.01. Government remittances show accrued payroll payable, this is identified by the biweekly payroll where it is both in 2015 and 2016 fiscal year.

8. Loans Payable Within Period and Deferred Grants

	2015	2014
Deferred Grant Funds: Prov Oper	\$ 10,007	\$ 9,336
Deferred Grant Funds: CC	6,005	6,672
Deferred Grant Funds: Upstairs Reno	---	2,234
	\$ 16,012	\$ 18,242

9. Long-Term Liabilities

	2015	2014
Payable to -Scholarship Fund	\$ 9,669	\$ 13,093
Payable to - Endowment Fund	3,823	5,000
Total Long-Term Liabilities	\$ 13,492	\$ 18,093

NOTES TO FINANCIAL STATEMENTS - CONTINUED

10. Statement of Changes in Net Asset Balances

	Restricted Funds					Total ARCAC Net Assets
	Endowment Fund Equity	Scholarship Fund Equity	Capital Net Assets	Restricted Net Asset (note 11)	Unrestricted Net Assets	
Balances, Beginning of Year	\$ 15,153	\$ 7,588	\$ 173,030	\$ 6,019	\$ 40,769	\$ 242,559
Add: Increases Within Period	1,177	3,424	---	28,945	1,097	34,643
Excess of Revenue Over Expenditure					6,032	6,032
	<u>1,177</u>	<u>3,424</u>	<u>---</u>	<u>28,945</u>	<u>7,129</u>	<u>40,675</u>
Less: Decreases Within Period	---	---	---	30,042	---	30,042
Fund Balances, End of Year	<u>\$ 16,330</u>	<u>\$ 11,012</u>	<u>\$ 173,030</u>	<u>\$ 4,922</u>	<u>\$ 47,898</u>	<u>\$ 253,191</u>

11. Restricted Net Assets

	500103NS HC Film	500124NS 5 Puzzles	AEX2015	Arts Vest 2015	DCHM Work	FAC2015 NS	PA2015NS Positive Aging	Total Restricted Net Assets
Balances, Beginning of Year								\$ 6,019
GST Transferred out unrestricted								3,694
Retained Balances	\$ 750	---	---	\$ 1,575	---	---	---	<u>2,325</u>
Grants Revenue	4,000	\$ 1,400	\$ 570	---	---	\$ 250	\$ 10,000	16,220
Other Revenue	2,320	962	268	2,500	\$ 6,600		75	<u>12,725</u>
	<u>6,320</u>	<u>2,362</u>	<u>838</u>	<u>2,500</u>	<u>6,600</u>	<u>250</u>	<u>10,075</u>	<u>28,945</u>
	7,070	2,362	838	4,075	6,600	250	10,075	31,270
Less: Expended Restricted Revenues	<u>5,229</u>	<u>2,072</u>	<u>\$ 586</u>	<u>2,903</u>	<u>6,645</u>	<u>224</u>	<u>8,689</u>	<u>26,348</u>
Balances, End of Year	<u>\$ 1,841</u>	<u>\$ 290</u>	<u>\$ 252</u>	<u>\$ 1,172</u>	<u>\$ (45)</u>	<u>\$ 26</u>	<u>\$ 1,386</u>	<u>\$ 4,922</u>

Balances include GST/HST recoverable \$3694 of GST recovered transferred out restricted into unrestricted from 2014 projects.