

ANNAPOLIS REGION COMMUNITY ARTS COUNCIL

ANNAPOLIS ROYAL

(See notice to reader)

FINANCIAL STATEMENTS

DECEMBER 31, 2016

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Granville Accounting
Accounting, Tax Preparation and Bookkeeping
4704 Highway #1, Granville Ferry
Nova Scotia B0S 1K0
(902) 526-0936

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, 2016 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

January 29, 2017

ANNAPOLIS REGION COMMUNITY ARTS COUNCIL
BALANCE SHEET
DECEMBER 31, 2016

ASSETS

| | <u>2016</u> | <u>2015</u> |
|---|--------------------------|--------------------------|
| Current Assets: | | |
| Cash | \$ 38,590 | \$ 31,187 |
| Receivables & HST Recoverable | 1,496 | 4,600 |
| Prepaid Expenses | 2,089 | 218 |
| Current Investments & Securities (note 4) | <u>81,392</u> | <u>76,394</u> |
| | 123,567 | 112,399 |
| Fixed Assets - Capital (note 1) | 154,801 | 169,257 |
| Fixed Assets - Artwork | 3,772 | 3,772 |
| | <u>158,574</u> | <u>173,030</u> |
| Total Assets | <u>\$ 282,140</u> | <u>\$ 285,429</u> |

LIABILITIES AND NET ASSETS

| | | |
|--|--------------------------|--------------------------|
| Current Liabilities: | | |
| Accounts Payable – Trade | \$ 615 | \$ 240 |
| Government Remittances (note 2) | 1,368 | 1,122 |
| Prepaid Sales and Services | 1,095 | 1,372 |
| Loans Payable Within Period and Deferred Grants (note 3) | <u>16,008</u> | <u>16,012</u> |
| | 19,086 | 18,746 |
| Payable to - Endowment Fund | --- | 3,823 |
| Payable to - Scholarship Fund | <u>9,669</u> | <u>9,669</u> |
| Total Liabilities | 28,755 | 32,238 |
| Net Assets (See Statement of Societies Net Assets) | <u>253,385</u> | <u>253,191</u> |
| Total Liabilities & Net Assets | <u>\$ 282,140</u> | <u>\$ 285,429</u> |

ANNAPOLIS REGION COMMUNITY ARTS COUNCIL

STATEMENT OF LOSS & DEFICIT

12 MONTHS ENDED DECEMBER 31, 2016

| Revenue | <u>2016</u> | <u>2015</u> |
|---|--------------------------|------------------------|
| Donations | \$ 3,788 | \$ 11,464 |
| Fund-raising | - | 7,745 |
| Fundraising - Auction | 15,255 | 14,959 |
| Gallery Rentals | 2,258 | 2,563 |
| Grants | 51,658 | 64,306 |
| Interest Income | 379 | 442 |
| Member Sales | 2,210 | 2,139 |
| Membership | 4,509 | 5,106 |
| Office | - | 13 |
| Programs | <u>47,549</u> | <u>52,005</u> |
| Total Revenue | 127,605 | 160,740 |
| Expenses | | |
| Advertising and Promotions | 2,606 | 3,059 |
| Amortization Expense | 15,338 | 10,721 |
| Bank Fees, Charges & Credit Card Expense | 3,209 | 2,526 |
| Cost of Paint the Town | 24,831 | 26,605 |
| Cost of Programing | 19,399 | 47,698 |
| Fundraising Expense | 4,424 | 3,137 |
| Grounds Expense | 1,235 | 1,472 |
| Hospitality Expense | 399 | 392 |
| Insurance Expense | 2,138 | 2,564 |
| Miscellaneuos & Supplies | 231 | 381 |
| Office Expenses | 3,453 | 2,910 |
| Other Expenditures | 241 | 104 |
| Payroll Expenses | 38,856 | 37,417 |
| Professional Fees | 4,323 | 2,871 |
| Property Taxes | 1,937 | 2,051 |
| Repairs and Mainteneace | 4,641 | 3,585 |
| Scholarship Expense | 500 | 1,000 |
| Telephone Expense | 2,040 | 1,859 |
| Utilities | <u>3,419</u> | <u>4,354</u> |
| Total Expenses | <u>133,220</u> | <u>154,708</u> |
| Excess of Expenditure Over Revenue | <u>\$ (5,614)</u> | <u>\$ 6,032</u> |

ANNAPOLIS REGION COMMUNITY ARTS COUNCIL
STATEMENT OF SOCIETIES NET ASSETS
YEAR ENDED 2016

| | Unrestricted Net Assets | Capital Net Assets | Endowment Fund Equity | Scholarship Fund Equity | Restricted Net Assets | Acc. Other Comprehensive Income | Total |
|------------------------------------|----------------------------|-----------------------|--------------------------|----------------------------|--------------------------|---------------------------------------|------------|
| (Unaudited - See Notice to Reader) | | | | | | | |
| Balance, beginning of year | \$ 47,898 | \$ 173,030 | \$ 16,330 | \$ 11,012 | \$ 4,922 | \$ 386 | \$ 253,577 |
| Excess of expenditure over revenue | (5,614) | | | | | | (5,614) |
| Increases during year | 6,421 | --- | 3,824 | --- | --- | --- | 10,245 |
| | 48,705 | 173,030 | 20,154 | 11,012 | 4,922 | 386 | 258,208 |
| Decreases during period | 4,323 | --- | --- | --- | 500 | --- | 4,823 |
| Balance, end of year | \$ 44,382 | \$ 173,030 | \$ 20,154 | \$ 11,012 | \$ 4,422 | \$ 386 | \$ 253,385 |

The accompanying notes are an integral part of these financial statements

ANNAPOLIS REGION COMMUNITY ARTS COUNCIL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

Revenue recognition

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

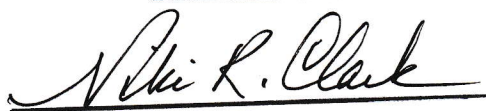
Services are provided or delivered to members.
 Amounts are fixed or can be determined.
 Our ability to collect is reasonably assured.
 There is no significant obligation for future performance.
 The amount of future returns can be reasonably estimated.

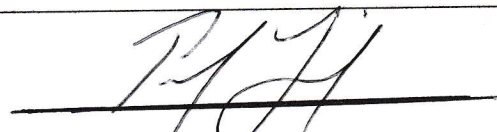
We record payments and contributions received in advance including upfront non-refundable payments as deferred revenues until we provide the service or as such time related expenses are incurred.

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.

| 1. Fixed Assets | Rate | Cost | Accumulated Depreciation | 2016 | 2015 |
|--|------|-------------------|-----------------------------|-------------------|-------------------|
| | | | | 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 | 70,092 |
| Computer Equipment | 45% | 3,152 | 1,562 | 1,590 | 1,648 |
| | | <u>\$ 204,511</u> | <u>\$ 49,710</u> | <u>\$ 154,801</u> | <u>\$ 169,257</u> |
| 2. Government Remittances | | | | 2016 | 2015 |
| HST Payable | | | | \$ - | \$ - |
| Employee Income Tax Payable | | | | 343 | - |
| CPP | | | | - | - |
| EI | | | | 161 | - |
| Payroll Benefits | | | | 864 | 1,122 |
| | | | | <u>\$ 1,368</u> | <u>\$ 1,122</u> |
| 3. Loans Payable Within Period and Deferred Grants | | | | 2016 | 2015 |
| Deferred Grant Funds: Provincial Operating | | | | \$ 9,336 | \$ 10,007 |
| Deferred Grant Funds: Canada Council | | | | 6,672 | 6,005 |
| | | | | <u>\$ 16,008</u> | <u>\$ 16,012</u> |
| 4. Current Investments and Securities | | | | 2016 | 2015 |
| Tangerine Savings | | | | - | \$ 7,508 |
| GIC Scotia 151Z5G (Scholarship) | | | | \$ 10,164 | 10,012 |
| GIC Scotia YBC45 (Endowment) | | | | 5,304 | 5,206 |
| GIC Scotia YBC4T (Endowment) | | | | 3,179 | 3,124 |
| Scotia Bank (Contingency) | | | | 50,589 | 50,544 |
| GIC - #1602GV- (Endowment) | | | | 12,156 | - |
| | | | | <u>\$ 81,392</u> | <u>\$ 76,394</u> |
| 5. "Paint the Town" Program | | | | 2016 | 2015 |
| Revenue | | | | 37,260 | 38,762 |
| | | | | 4,396 | 2,057 |
| | | | | <u>41,655</u> | <u>40,819</u> |
| Expenses | | | | 18,954 | 20,687 |
| | | | | 5,877 | 5,919 |
| | | | | <u>24,831</u> | <u>26,605</u> |
| Net Paint The Town Income | | | | <u>16,824</u> | <u>14,213</u> |


 NIKI CLARK, CHAIR


 TED LIND, TREASURER

NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2016

Changes in Unrestricted Net Assets

GST recovered from unrestricted assets of \$3,694.00 was applied to unrestricted funds. Cheques from the 2014 and 2015 prior periods, totaling \$730.74, that had not been cashed and presumed donated have been applied to unrestricted funds.

During 2016 fiscal period \$3,823 was transferred to the Endowment fund from the internal liability account. Parkland Fuel Corp shares (note 4) donated during 2016 have been applied to Unrestricted Net Assets and recorded as available for resale under Covetable Investments, balances are shown in note 9. GST Recovered during 2016 period.

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, 2015 and 2016. 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 2016 ARCAC received \$3,658 in funding.

Arts Programming Grants

ARCAC received several grants in 2016 to provide arts programming to the community. These included:
Paint the Town - The Town of Annapolis Royal provided \$1,000 in funds towards the operating costs for the program.

-Visual Arts Nova Scotia - an artist-run organization provide \$250 to support and promote artists while advocating for the visual arts sector in Nova Scotia. Encouraging artists to pursue their creative and professional practices creating connections to a community of peers and serving as a primary source for information.

"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 it's full value. The Endowment funds are maintained in several investment accounts.