

GOLDEN DISTRICT ARTS COUNCIL O/A KICKING HORSE CULTURE

Financial Statements

Year Ended May 31, 2018

(Unaudited)

GOLDEN DISTRICT ARTS COUNCIL O/A KICKING HORSE CULTURE

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Year Ended May 31, 2018

(Unaudited)

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of Golden District Arts Council O/A Kicking Horse Culture

I have reviewed the accompanying financial statements of Golden District Arts Council O/A Kicking Horse Culture that comprise the statement of financial position as at May 31, 2018 and the statements of revenues and expenditures, 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 misstatement, whether due to fraud or error.

Practitioner's Responsibility

My responsibility is to express a conclusion on the accompanying financial statements based on my review. I conducted my review in accordance with Canadian generally accepted standards for review engagements, which require me 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, I do not express an audit opinion on these financial statements.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that these financial statements do not present fairly, in all material respects, the financial position of Golden District Arts Council O/A Kicking Horse Culture as at May 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with the Canadian accounting standards for not-for-profit organizations.

Golden, British Columbia
September 7, 2018


KM Cox & Company Inc.
CHARTERED PROFESSIONAL ACCOUNTANT

GOLDEN DISTRICT ARTS COUNCIL O/A KICKING HORSE CULTURE

Statement of Financial Position

May 31, 2018

(Unaudited)

	2018	2017
ASSETS		
CURRENT		
Cash and deposits	\$ 181,588	\$ 161,312
Accounts receivable	10,855	5,294
Inventory	9,413	8,859
Prepaid expenses	6,680	7,138
	<u>208,536</u>	<u>182,603</u>
CAPITAL ASSETS (Note 4)	<u>15,504</u>	<u>14,299</u>
	<u>\$ 224,040</u>	<u>\$ 196,902</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 9,244	\$ 8,823
Goods and services tax payable	1,685	1,259
Provincial sales tax payable	485	653
Deferred income (Note 6)	58,460	62,756
	<u>69,874</u>	<u>73,491</u>
NET ASSETS		
Unrestricted Operating Funds	21,893	22,344
Prudent Operating Reserves	39,441	39,441
Succession Planning Fund	77,327	47,327
Invested in Capital Assets	15,505	14,299
	<u>154,166</u>	<u>123,411</u>
	<u>\$ 224,040</u>	<u>\$ 196,902</u>

CONTROLLED FUNDS (Note 11)

ON BEHALF OF THE BOARD

Director

Director

GOLDEN DISTRICT ARTS COUNCIL O/A KICKING HORSE CULTURE

Statement of Changes in Net Assets

Year Ended May 31, 2018

(Unaudited)

	Unrestricted Operating Funds	Prudent Operating Reserves	Succession Planning Fund	Invested in Capital Assets	2018	2017
NET ASSETS - BEGINNING OF YEAR	\$ 22,344	\$ 39,441	\$ 47,327	\$ 14,299	\$ 123,411	\$ 96,711
Excess of revenues over expenses	30,755	-	-	-	30,755	26,677
Interfund Transfer <i>(Note 12)</i>	(30,000)	-	30,000	-	-	-
Amortization of Capital Assets <i>(Note 4)</i>	6,061	-	-	(6,061)	-	-
Additions to Capital Assets	(7,267)	-	-	7,267	-	-
Adjustment to prior years net assets	-	-	-	-	-	23
NET ASSETS - END OF YEAR	\$ 21,893	\$ 39,441	\$ 77,327	\$ 15,505	\$ 154,166	\$ 123,411

Cox & Company

See notes to financial statements

GOLDEN DISTRICT ARTS COUNCIL O/A KICKING HORSE CULTURE
Statement of Operations Breakdown
Year Ended May 31, 2018
(Unaudited)

	<u>2018</u>	<u>2017</u>
	\$	\$
REVENUE		
Grants (Note 11)	247,330	253,733
Sponsorships, Memberships, one-time projects & cc mgmt, interest	60,381	59,646
Merchandise	149,102	144,387
Programs & Activities	<u>67,191</u>	<u>52,807</u>
	<u>524,004</u>	<u>510,573</u>
EXPENSES		
Cost of merchandise		
Consignment Sales commission	81,830	79,926
Cost of purchased items	2,991	1,827
Credit/debit/MC bank fees	4,097	3,125
Damage, breakage, theft	<u>1,299</u>	<u>414</u>
Total cost of merchandise	<u>90,217</u>	<u>85,292</u>
Cost of programs, activities		
Artist fees	61,488	61,631
Program Travel, Hospitality & Accommodations	9,775	7,270
Facility rental	10,791	10,685
Concession	9,954	8,439
Production	13,434	16,714
Promo mat design, shipping	10,515	9,184
Advertise	18,250	16,477
Marketing	839	562
Supplies – Sales	2,490	2,906
Supplies – Facility	141	667
One Time Project Expense	-	4,047
CKCA Program 1 Grants to Artists	<u>4,400</u>	<u>6,280</u>
Total cost of programs, activities	<u>142,077</u>	<u>144,862</u>
Cost of payroll		
Wages & Salaries	162,689	157,265
Employee benefits	8,707	8,759
RRSP	2,140	2,100
WCB	<u>347</u>	<u>392</u>
Total cost of payroll	<u>173,883</u>	<u>168,516</u>

The accompanying notes are an integral part of these financial statements

GOLDEN DISTRICT ARTS COUNCIL O/A KICKING HORSE CULTURE
Statement of Operations Breakdown
Year Ended May 31, 2018
(Unaudited)

	<u>2018</u>	<u>2017</u>
General and administration		
Accounting & Legal	2,652	4,671
Amortization	6,061	6,007
Bursaries, donations, sponsorships	1,000	500
Cash Over/Short	-	3
Fees, dues, licenses	2,121	1,722
Furniture, small equipment	376	994
GC Honorarium/promo	2,217	2,934
Insurance	2,435	2,571
Interest & Bank Charges	235	121
Janitorial	361	-
Admin Meals, Travel & Accom	4,745	6,353
Admin Expense	-	35
Office Supplies	2,238	4,313
Phone & internet	4,717	4,083
Professional fees	16,253	16,467
Professional development & Training fees	7,057	1,660
Rent office & gallery	24,747	24,741
Repairs & maintenance	3,832	1,448
Shipping, Courier & Postage	1,050	1,591
Utilities	4,975	5,012
Total general and administration	<u>87,072</u>	<u>85,226</u>
EXCESS OF REVENUE OVER EXPENSES	<u><u>30,755</u></u>	<u><u>26,677</u></u>

The accompanying notes are an integral part of these financial statements

GOLDEN DISTRICT ARTS COUNCIL O/A KICKING HORSE CULTURE

Statement of Cash Flows

Year Ended May 31, 2018

(Unaudited)

	2018	2017
OPERATING ACTIVITIES		
Excess Of Revenues Over Expenses	\$ 30,755	\$ 26,677
Item not affecting cash:		
Amortization of capital assets	6,061	6,007
	<u>36,816</u>	<u>32,684</u>
Changes in non-cash working capital:		
Accounts receivable	(5,561)	2,496
Inventory	(554)	881
Accounts payable	423	(2,485)
Deferred income	(4,297)	(3,298)
Prepaid expenses	458	(1,348)
Goods and services tax payable	426	897
PST payable (receivable)	(168)	653
Employee deductions payable	-	(3,535)
	<u>(9,273)</u>	<u>(5,739)</u>
Cash flow from operating activities	<u>27,543</u>	<u>26,945</u>
INVESTING ACTIVITY		
Purchase of capital assets	<u>(7,267)</u>	<u>(3,988)</u>
Cash flow used by investing activity	<u>(7,267)</u>	<u>(3,988)</u>
INCREASE IN CASH FLOW	20,276	22,957
Cash - beginning of year	<u>161,312</u>	<u>138,354</u>
CASH - END OF YEAR	\$ 181,588	\$ 161,311

GOLDEN DISTRICT ARTS COUNCIL O/A KICKING HORSE CULTURE

Notes to Financial Statements

Year Ended May 31, 2018

(Unaudited)

1. PURPOSE OF ORGANIZATION

The Golden District Arts Council was incorporated in 1970 as a BC not-for-profit Society. The Golden District Arts Council aka Kicking Horse Culture exists so that Kicking Horse Country values arts and culture at a use of resources that demonstrates good stewardship of funds received

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Revenue recognition

The society recognizes revenues when they are earned, specifically when all the following conditions are met:

- services are provided or products are delivered to customers
- there is clear evidence that an arrangement exists
- amounts are fixed or can be determined
- the ability to collect is reasonably assured.

Revenue recognition

Golden District Arts Council O/A Kicking Horse Culture follows the deferral method of accounting for contributions.

Restricted contributions 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.

Inventory

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

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GOLDEN DISTRICT ARTS COUNCIL O/A KICKING HORSE CULTURE

Notes to Financial Statements

Year Ended May 31, 2018

(Unaudited)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Capital assets

Capital assets are stated at cost less accumulated amortization. They are amortized over their estimated useful lives at the following rates and methods:

Equipment	4 years	straight-line method
Computer equipment	4 years	straight-line method
Computer software	2 years	straight-line method
Furniture and fixtures	4 years	straight-line method
Leasehold improvements	5 years	straight-line method

3. USE OF ESTIMATES

In preparing the society's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Actual results could differ from these estimates.

4. CAPITAL ASSETS

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Equipment	\$ 10,004	\$ 10,004	\$ -	\$ -
Computer equipment	23,827	19,261	4,566	1,068
Computer software	1,339	-	1,339	432
Furniture and fixtures	24,238	24,238	-	-
Leasehold improvements	41,652	32,053	9,599	12,799
	<u>\$ 101,060</u>	<u>\$ 85,556</u>	<u>\$ 15,504</u>	<u>\$ 14,299</u>

5. BANK INDEBTEDNESS

The society has arranged an operating line of credit with the Columbia Valley Credit Union to a limit of \$15,000. The interest charged on any advances is 5.75%.

GOLDEN DISTRICT ARTS COUNCIL O/A KICKING HORSE CULTURE

Notes to Financial Statements

Year Ended May 31, 2018

(Unaudited)

6. DEFERRED REVENUES

Deferred revenues reported in the financial statements represents restricted operating funding received in the current period that are related to the subsequent period. The following amounts of funding are deferred at year end:

	<u>2018</u>	<u>2017</u>
Deferred revenues		
British Columbia Arts Council	\$ 8,023	\$ 14,320
Province of BC - Gaming Policy	32,000	30,000
Civic Centre (Opening Projects)	8,436	8,436
Canadian Heritage CAPF	10,000	10,000
	<hr/>	<hr/>
Total deferred revenues	\$ 58,459	\$ 62,756

7. DONATED GOODS AND SERVICES

The Council records the value of donated goods and services when a fair value can be reasonably estimated.

8. FINANCIAL INSTRUMENTS

The Society's financial instruments consist of cash, accounts receivable, inventory, accounts payable, wages payable, employee deductions payable and deferred income. Unless otherwise noted, it is management's opinion that the Society is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

9. CONTRACTUAL OBLIGATIONS

For 2018, the society has a general services agreement with The Town of Golden at an all-inclusive fixed price of \$120,000.

GOLDEN DISTRICT ARTS COUNCIL O/A KICKING HORSE CULTURE

Notes to Financial Statements

Year Ended May 31, 2018

(Unaudited)

10. SOURCES OF FUNDING

The society has many different service delivery funding agreements in place with local, regional, provincial and federal funders to build operational capacity and program delivery. As stated in Note 10, under a General Services Agreement between the society and the Town of Golden and the CSRD, the society received \$120,000 in funding to provide the delivery of cultural services to the community of Golden during the year per a fee for service delivery agreement. Similarly, the society receives considerable annual operation and program support funds from the Province of BC Gaming (\$30,000), the BC Arts Council (\$34,970), and Canadian Heritage (\$10,000). As well, the society has funding agreements with agencies to deliver specific one-off program projects.

11. CONTROLLED FUNDS

The society has entered into a management agreement with the Town of Golden to manage the Golden Civic Centre. In return for providing management services the society receives a management fee and ongoing operational funding to pay for expenses. Financial Statements have not been consolidated into the Golden District Arts Council and separate financial statements are available for members to review.

12. RESTRICTED FUNDS

The GDAC, by board resolution, maintains a prudent operating reserve with the purpose of ensuring that adequate operating funds exist, special projects and future capital replacement goals are met. In addition, at it's board meeting on August 9, 2016, the Board passed a motion to direct \$24,000 from operating funds into a restricted fund called "Succession Planning". Though this work continues into 17/18, \$2,673 from operating was disbursed for the work on developing a detailed Succession Plan prior to the end of fiscal May 31, 2017. Therefore, at it's Board meeting on August 21, 2017, the Board passed a motion to move \$2,673 from the restricted "Succession Planning" fund into 16/17 Operating Funds. The board also passed a second motion to direct \$26,000 from operating funds into the restricted fund called "Succession Planning." The Board passed a motion on August 28, 2018 to direct \$30,000 from operating funds into the restricted fund called "Succession Planning."

13. COMPARATIVE FIGURES

Comparative figures have been restated where applicable in order to conform to presentation used in the current year.
