

**GOLDEN DISTRICT ARTS COUNCIL O/A KICKING HORSE CULTURE**  
**Financial Statements**  
**Year Ended May 31, 2019**

**GOLDEN DISTRICT ARTS COUNCIL O/A KICKING HORSE CULTURE**

**Index to Financial Statements**

**Year Ended May 31, 2019**

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	<b>Page</b>
<b>INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT</b>	<b>1</b>
<b>FINANCIAL STATEMENTS</b>	
<b>Statement of Financial Position</b>	<b>2</b>
<b>Statement of Changes in Net Assets</b>	<b>3</b>
<b>Statement of Revenues and Expenditures</b>	<b>4 - 5</b>
<b>Statement of Cash Flows</b>	<b>6</b>
<b>Notes to Financial Statements</b>	<b>7 - 11</b>

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## INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

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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 (the Society) that comprise the statements of financial position as at May 31, 2019 and May 31, 2018, and the statements of changes in net assets, revenues and expenditures and cash flows for the years 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 (ASNPO), 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 reviews. I conducted my reviews 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 reviews, nothing has come to my attention that causes me to believe that the 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, 2019 and May 31, 2018, and the results of its operations and its cash flows for the years then ended in accordance with ASNPO.

Golden, British Columbia  
September 13, 2019

  
KM Cox & Company Inc.  
CHARTERED PROFESSIONAL ACCOUNTANT

**GOLDEN DISTRICT ARTS COUNCIL O/A KICKING HORSE CULTURE**

**Statement of Financial Position**

**May 31, 2019**

	2019	2018
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and deposits	\$ 257,735	\$ 181,588
Accounts receivable	5,685	10,855
Inventory	10,365	9,413
Prepaid expenses	1,527	6,680
	275,312	208,536
<b>CAPITAL ASSETS (Note 4)</b>	14,013	15,504
	\$ 289,325	\$ 224,040
 <b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable	\$ 48,956	\$ 9,245
Goods and services tax payable	2,026	1,685
Provincial sales tax payable	565	485
Deferred income	62,752	58,459
	114,299	69,874
 <b>NET ASSETS</b>		
Unrestricted Operating Funds	50,917	21,893
Prudent Operating Reserves (Note 13)	32,769	39,441
Succession Planning Fund	77,327	77,327
Invested in Capital Assets	14,013	15,505
	175,026	154,166
	\$ 289,325	\$ 224,040

ON BEHALF OF THE BOARD

  
 \_\_\_\_\_ Director

  
 \_\_\_\_\_ Director

See notes to financial statements

**GOLDEN DISTRICT ARTS COUNCIL O/A KICKING HORSE CULTURE**

**Statement of Changes in Net Assets**

**Year Ended May 31, 2019**

	Unrestricted Operating Funds	Prudent Operating Reserves	Succession Planning Fund	Invested in Capital Assets	2019	2018
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 21,893	\$ 39,441	\$ 77,327	\$ 15,505	\$ 154,166	\$ 123,411
Excess of revenues over expenses	20,860	-	-	-	20,860	30,755
Amortization of Capital Assets <i>(Note 4)</i>	4,478	-	-	(4,478)	-	-
Additions to Capital Assets	(2,986)	-	-	2,986	-	-
Retroactive wages <i>(Note 13)</i>	6,672	(6,672)	-	-	-	-
<b>NET ASSETS - END OF YEAR</b>	\$ 50,917	\$ 32,769	\$ 77,327	\$ 14,013	\$ 175,026	\$ 154,166

See notes to financial statements

**GOLDEN DISTRICT ARTS COUNCIL O/A KICKING HORSE CULTURE**  
**Statement of Operations Breakdown**  
**Year Ended May 31, 2019**  
*(Unaudited)*

	<u>2019</u>	<u>2018</u>
	\$	\$
<b>REVENUE</b>		
Grants (Note 11)	237,843	247,330
Sponsorships, Memberships, one-time projects & cc mgmt, Interest	71,140	60,381
Merchandise	152,850	149,102
Programs & Activities	<u>62,423</u>	<u>67,191</u>
	<u>524,256</u>	<u>524,004</u>
<b>EXPENSES</b>		
<b>Cost of merchandise</b>		
Consignment Sales commission	83,286	81,830
Cost of purchased items	5,328	2,991
Credit/debit/MC bank fees	3,572	4,097
Damage, breakage, theft	<u>406</u>	<u>1,299</u>
<b>Total cost of merchandise</b>	<u>92,592</u>	<u>90,217</u>
<b>Cost of programs, activities</b>		
Artist fees	58,016	61,488
Program Travel, Hospitality & Accommodations	8,335	9,775
Facility rental	10,270	10,791
Concession	7,900	9,954
Production	13,972	13,434
Promo mat design, shipping	10,901	10,515
Advertise	22,638	18,250
Marketing	1,108	839
Supplies – Sales	979	2,490
Supplies – Facility	90	141
One Time Project Expense	1,646	-
CKCA Program 1 Grants to Artists	<u>-</u>	<u>4,400</u>
<b>Total cost of programs, activities</b>	<u>135,855</u>	<u>142,077</u>
<b>Cost of payroll</b>		
Wages & Salaries (Note 13)	182,621	162,689
Employee benefits	12,370	8,707
RRSP	2,326	2,140
WCB (Note 14)	<u>1,117</u>	<u>347</u>
<b>Total cost of payroll</b>	<u>198,434</u>	<u>173,883</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, 2019**  
*(Unaudited)*

	<b>2019</b>	<b>2018</b>
<b>General and administration</b>		
Accounting & Legal	2,730	2,652
Amortization	4,478	6,061
Bursaries, donations, sponsorships	168	1,000
Fees, dues, licenses	2,294	2,121
Furniture, small equipment	1,434	376
GC Honorarium/promo	895	2,217
Insurance	2,665	2,435
Interest & Bank Charges	205	235
Janitorial	584	361
Admin Meals, Travel & Accom	3,709	4,745
Admin Expense	25	-
Office Supplies	5,128	2,238
Phone & Internet	5,067	4,717
Professional fees	10,443	16,253
Professional development & Training fees	1,576	7,057
Rent office & gallery	24,108	24,747
Repairs & maintenance	4,008	3,832
Shipping, Courier & Postage	1,983	1,050
Utilities	5,015	4,975
<b>Total general and administration</b>	<b>76,515</b>	<b>87,072</b>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>20,860</b>	<b>30,755</b>

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, 2019**

	2019	2018
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenses	\$ 20,860	\$ 30,755
Item not affecting cash:		
Amortization of capital assets	4,478	6,061
	<u>25,338</u>	<u>36,816</u>
Changes in non-cash working capital:		
Accounts receivable	5,170	(5,561)
Inventory	(952)	(554)
Accounts payable	39,711	423
Deferred Income	4,293	(4,297)
Prepaid expenses	5,153	458
Goods and services tax payable	341	426
PST payable (receivable)	80	(168)
	<u>53,796</u>	<u>(9,273)</u>
Cash flow from operating activities	<u>79,134</u>	<u>27,543</u>
<b>INVESTING ACTIVITY</b>		
Purchase of capital assets	(2,986)	(7,267)
Cash flow used by investing activity	<u>(2,986)</u>	<u>(7,267)</u>
<b>INCREASE IN CASH FLOW</b>	76,148	20,276
Cash - beginning of year	<u>181,588</u>	<u>161,312</u>
<b>CASH - END OF YEAR</b>	<u>\$ 257,736</u>	<u>\$ 181,588</u>

See notes to financial statements



**GOLDEN DISTRICT ARTS COUNCIL O/A KICKING HORSE CULTURE**

**Notes to Financial Statements**

**Year Ended May 31, 2019**

*(Unaudited)*

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**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

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**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 (ASNFPFO).

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, 2019**

*(Unaudited)*

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**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

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**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.

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**4. CAPITAL ASSETS**

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Equipment	\$ 12,633	\$ 10,662	\$ 1,971	\$ -
Computer equipment	24,185	20,492	3,693	4,566
Computer software	670	-	670	1,339
Furniture and fixtures	24,238	24,238	-	-
Leasehold improvements	41,652	33,973	7,679	9,599
	<u>\$ 103,378</u>	<u>\$ 89,365</u>	<u>\$ 14,013</u>	<u>\$ 15,504</u>

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**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%.

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**GOLDEN DISTRICT ARTS COUNCIL O/A KICKING HORSE CULTURE**

**Notes to Financial Statements**

**Year Ended May 31, 2019**

*(Unaudited)*

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**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>2019</u>	<u>2018</u>
<b>Deferred revenues</b>		
British Columbia Arts Council	\$ 17,023	\$ 8,023
Province of BC - Gaming Policy	31,500	32,000
Civic Centre (Opening Projects)	4,229	8,438
Canadian Heritage CAPF	10,000	10,000
	<hr/>	<hr/>
Total deferred revenues	\$ 62,752	\$ 58,459

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**7. DONATED GOODS AND SERVICES**

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

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**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.

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**9. CONTRACTUAL OBLIGATIONS**

For 2019, the society has a general services agreement with The Town of Golden at an all-inclusive fixed price of \$120,000.

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**GOLDEN DISTRICT ARTS COUNCIL O/A KICKING HORSE CULTURE**

**Notes to Financial Statements**

**Year Ended May 31, 2019**

*(Unaudited)*

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**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 9, 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 (\$32,000), the BC Arts Council (\$33,023), and Canadian Heritage (\$10,000). As well, the society has funding agreements with agencies to deliver specific one-off program projects.

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**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.

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**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 its 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 its 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."

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**13. RETROACTIVE WAGES**

During the year, \$6,672 of prudent operating reserve funds were allocated for the purpose of providing back payments for wages and cost of living adjustments going back to 2017. These payments were recorded through the wage expense for the current year with the funding provided from the previously restricted "prudent operating reserve funds".

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**14. COMPARATIVE FIGURES**

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

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**GOLDEN DISTRICT ARTS COUNCIL O/A KICKING HORSE CULTURE**

**Notes to Financial Statements**

**Year Ended May 31, 2019**

*(Unaudited)*

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**15. WORKSAFE BC**

The significant increase in WorkSafe BC expenditures is due the fact that WorkSafe BC changed the classification unit description for the society from "Library or Resource Centre" which had a rate of 0.21% in 2017, to "Public Art Gallery" which had a rate of 0.47% in 2018. In addition, Wages and Benefits increased by 14% in the 2019 fiscal year.

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