

Arts Council Wood Buffalo
Financial Statements
December 31, 2019
(Unaudited)

Independent Practitioner's Review Engagement Report

To the Members of Arts Council Wood Buffalo:

We have reviewed the accompanying financial statements of Arts Council Wood Buffalo, which comprise the statement of financial position as at December 31, 2019, and the statements of operations and 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

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us 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, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Arts Council Wood Buffalo as at December 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Other Matter

The financial statements for the year ended December 31, 2018 were reviewed by another practitioner who expressed an unmodified conclusion on those financial statements on April 15, 2019.

Fort McMurray, Alberta

April 2, 2020

MNP LLP

Chartered Professional Accountants

Arts Council Wood Buffalo Statement of Financial Position

As at December 31, 2019
(Unaudited)

	2019	2018
Assets		
Current		
Cash	73,396	79,602
Restricted cash (Note 3)	24,966	55,848
Accounts receivable	840	1,215
Goods and services tax recoverable	2,491	2,576
Prepaid expenses and deposits	1,493	1,393
	103,186	140,634
Liabilities		
Current		
Accounts payable and accruals	8,350	8,817
Deferred contributions (Note 3)	24,966	55,848
Employee deductions payable	-	4,782
	33,316	69,447
Commitments (Note 4)		
Subsequent event (Note 7)		
Net Assets	69,870	71,187
	103,186	140,634

Approved on behalf of the Board of Directors

Director

Director

The accompanying notes are an integral part of these financial statements

Arts Council Wood Buffalo
Statement of Operations and Changes in Net Assets
For the year ended December 31, 2019
(Unaudited)

	2019	2018
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Revenues		
Grants	553,044	460,177
Fundraising and donations	13,539	3,248
Fees for services and event sales	9,472	9,795
Membership fees	3,154	3,327
Interest income	1,102	616
Special projects	-	8,720
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	580,311	485,883
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Direct costs		
Artist fee	21,183	14,424
Partnership projects	11,655	1,807
Reception expenses	8,722	11,149
Scholarships and Awards	8,220	8,091
Redpoll Centre Art Commission	-	309
Business of the Arts Workshop	-	75
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	49,780	35,855
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Expenses		
Salaries and benefits	396,624	313,750
Meetings and conventions	25,997	25,611
Advertising	25,024	19,912
Rent	19,969	22,894
Subcontracts	12,351	12,567
Training	10,451	11,302
Employee benefits	8,582	5,212
Professional fees	8,123	8,763
Travel	7,136	4,920
Office	5,594	12,146
Business taxes and licenses	4,073	3,113
Telephone	3,150	3,343
Insurance	2,172	2,310
Bank charges and interest	1,525	1,544
Membership fees	1,077	1,338
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	531,848	448,725
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Excess (deficiency) of revenue over expenses	(1,317)	1,303
Net assets, beginning of year	71,187	69,884
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Net assets, end of year	69,870	71,187
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The accompanying notes are an integral part of these financial statements

Arts Council Wood Buffalo Statement of Cash Flows

For the year ended December 31, 2019
(Unaudited)

	2019	2018
Cash provided by (used for) the following activities		
Operating		
Cash received from contributions	546,737	480,254
Cash receipts from membership fees	3,154	3,327
Cash paid for program service expenses	(185,030)	(147,086)
Cash paid for salaries and benefits	(400,424)	(323,744)
Cash paid for interest	(1,525)	(1,544)
Increase (decrease) in cash resources	(37,088)	11,207
Cash resources, beginning of year	135,450	124,243
Cash resources, end of year	98,362	135,450
Cash resources are composed of:		
Cash	73,396	79,602
Restricted cash	24,966	55,848
	98,362	135,450

The accompanying notes are an integral part of these financial statements

Arts Council Wood Buffalo
Notes to the Financial Statements
For the year ended December 31, 2019
(Unaudited)

1. Incorporation and nature of the organization

Arts Council Wood Buffalo (the "Organization") is a not-for-profit organization incorporated provincially under the Companies Act of Alberta. As a registered charity the organization is exempt from the payment of income tax under section 149(1) of the Income Tax Act.

The Organization operates to support the growth and success of the arts in the Regional Municipality of Wood Buffalo. The Organization was established to raise the profile of the arts in the region and to provide support to all facets of the arts community.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit set out in Part III of the CPA Handbook - Accounting Standards for Not-For-Profit Organizations, as issued by the Accounting Standards Board in Canada using the following significant accounting policies:

Cash and cash equivalents

Cash includes balances with banks.

Externally restricted cash and cash equivalents are restricted for specific purposes and are not available for general operations.

Internally restricted cash represents money set aside for specific activities identified by management and approved by the Board of Directors. The funds are not available for general operations.

Revenue recognition

The Organization 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. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Fees for services and event sales, membership fees, and other income are recognized when the related services are provided.

Contributed materials

Contributions of materials and services are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Organization's operations and would otherwise have been purchased. No such contributions have been recorded in these financial statements.

Leases

A lease that transfers substantially all of the benefits and risks of ownership is classified as a capital lease. At the inception of a capital lease, an asset and a payment obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair market value. Assets under capital leases are amortized over their estimated useful lives estimated useful lives. All other leases are accounted for as operating leases and rental payments are expensed as incurred.

Measurement uncertainty (use of estimates)

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.

Arts Council Wood Buffalo
Notes to the Financial Statements
For the year ended December 31, 2019
(Unaudited)

2. Significant accounting policies *(Continued from previous page)*

Financial instruments

All financial instruments are initially recorded at their fair value, excluding certain financial assets and liabilities originated and issued in a related party transaction measured at their carrying or exchange amount in accordance with Section 3840 Related Party Transactions. At initial recognition, the Organization may irrevocably elect to subsequently measure any financial instrument at fair value. The Organization has not made such an election during the year.

The Organization subsequently measures investments in equity instruments quoted in an active market at fair value. All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to financial instruments subsequently measured at fair value are immediately recognized in the excess of revenues over expenses. Transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

The Organization assesses impairment of all of its financial assets measured at cost or amortized cost when there is an indication of impairment. Any impairment, which is not considered temporary, is included in current year excess of revenues over expenses.

3. Deferred contributions

	<i>Beginning of the year</i>	<i>Funding received during the year</i>	<i>Funding spent during the year</i>	<i>End of the year</i>
Alberta Foundation for the Arts	12,127	37,768	(49,895)	-
The Canadian Red Cross	34,317	93,255	(125,684)	1,888
Kim Jenkins	7,700	-	(7,700)	-
Artist in Residency	-	20,000	(491)	19,509
Alberta Culture Days	-	8,000	(6,576)	1,424
Prepaid memberships	1,704	3,594	(3,154)	2,144
Regional Municipality of Wood Buffalo	-	350,000	(350,000)	-
	55,848	512,617	(543,500)	24,965

4. Commitments

The Organization signed an agreement for the rental of premises in the ordinary course of operations. The Organization has agreed to make payments of \$677.50 plus GST monthly beginning August 1, 2018 for the first year. The amount of rent increases annually on August 1 to \$1,129.17 plus GST for the second year and in years three to five the rent will be indexed for CPI inflation based on the most recent CPI for Alberta released by Statistics Canada on each anniversary date. The lease expires July 31, 2023.

The estimated annual payments are as follows:

2020	13,550
2021	13,550
2022	13,550
2023	7,904
	48,554

Arts Council Wood Buffalo Notes to the Financial Statements

For the year ended December 31, 2019
(Unaudited)

5. Economic dependence

The Organization is economically dependant on the grant received from the Regional Municipality of Wood Buffalo for its continued existence and ability to carry out its operations. The grant received from the Regional Municipality of Wood Buffalo accounts for 60% (2018 - 67%) of the revenue generated by the Organization.

On November 27, 2019, the RMWB approved a sustaining grant for the Organization in the amount of \$653,000.

6. Financial instruments

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

7. Subsequent event

Subsequent to year-end, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Organization as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.