

**Arts Council Wood Buffalo**  
**Financial Statements**  
*December 31, 2020*

## Independent Auditor's Report

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To the Members of Arts Council Wood Buffalo:

### Opinion

We have audited the financial statements of Arts Council Wood Buffalo (the "Organization"), which comprise the statement of financial position as at December 31, 2020, and the statements of operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2020, 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.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Matter

The financial statements of the Organization for the year ended December 31, 2019 were unaudited and issued under a Review Engagement Report with an unmodified conclusion on April 2, 2020. We were not engaged to report on the comparative information, and as such, it is unaudited.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Fort McMurray, Alberta

April 29, 2021

*MNP LLP*

Chartered Professional Accountants

# Arts Council Wood Buffalo Statement of Financial Position

As at December 31, 2020

	2020	2019 (Unaudited)
<b>Assets</b>		
<b>Current</b>		
Cash	296,537	98,361
Accounts receivable (Note 3)	23,314	840
Goods and services tax recoverable	4,465	2,491
Prepaid expenses and deposits	729	1,494
	<b>325,045</b>	103,186
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accruals	69,378	8,350
Deferred contributions (Note 4)	200,352	24,966
	<b>269,730</b>	33,316
<b>Commitments (Note 5)</b>		
<b>Significant event (Note 9)</b>		
<b>Net Assets</b>	<b>55,315</b>	69,870
	<b>325,045</b>	103,186

Approved on behalf of the Board of Directors

*signed by "Dave Boutilier"*

Director

*signed by "Jes Croucher"*

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, 2020*

	2020	2019 <i>(Unaudited)</i>
<b>Revenue</b> <i>(Note 4)</i>		
Grants and sponsorships <i>(Note 6)</i>	848,217	553,044
Fundraising and donations	8,433	13,539
Interest income	2,587	1,102
Membership fees	1,605	3,154
Fees for services and event sales	1,093	9,472
	861,935	580,311
<b>Direct costs</b>		
Artist fee	71,385	21,183
Partnership projects	64,850	11,655
Scholarships and awards	3,283	8,220
Business of the Arts workshop	2,129	-
Special projects	516	-
Reception	446	8,722
	142,609	49,780
<b>Expenses</b>		
Salaries and benefits	528,177	396,624
Subcontracts	56,428	12,351
Advertising	52,167	25,024
Professional fees	20,357	8,123
Office	20,118	5,594
Rent <i>(Note 5)</i>	11,818	19,969
Employee benefits	8,031	8,582
Travel	7,548	7,136
Professional development	7,531	10,451
Business taxes and licenses	6,591	4,073
Meetings and conventions	5,937	25,997
Telephone	4,193	3,150
Insurance	3,121	2,172
Bank charges and interest	1,211	1,525
Membership fees	653	1,077
	733,881	531,848
<b>Deficiency of revenue over expenses</b>	(14,555)	(1,317)
<b>Net assets, beginning of year</b>	69,870	71,187
<b>Net assets, end of year</b>	55,315	69,870

*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, 2020*

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	<b>2020</b>	2019 <i>(Unaudited)</i>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating</b>		
Cash received from contributions	<b>1,012,875</b>	549,890
Cash paid for program service expenses	<b>(278,491)</b>	(186,555)
Cash paid for salaries and benefits	<b>(536,208)</b>	(400,424)
<b>Increase (decrease) in cash resources</b>	<b>198,176</b>	(37,089)
<b>Cash resources, beginning of year</b>	<b>98,361</b>	135,450
<b>Cash resources, end of year</b>	<b>296,537</b>	98,361

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*The accompanying notes are an integral part of these financial statements*

**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.

***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 and changes in net assets 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. 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 revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in deficiency 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, 2020*

**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 deficiency of revenue 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 deficiency of revenue over expenses.

**3. Accounts receivable**

Included in accounts receivable is a grant receivable from Canadian Red Cross in the amount of \$23,314 (2019 - \$nil).

**4. Deferred contributions**

	<i>Beginning of the year</i>	<i>Funding received during the year</i>	<i>Recognized as revenue</i>	<i>End of the year</i>
Alberta Culture Days	1,424	24,500	(24,952)	<b>972</b>
Alberta Foundation for the Arts	-	35,641	(35,641)	-
Artist in Residency	19,509	20,000	(39,509)	-
Arts Awards WBEAA	-	36,695	(31,840)	<b>4,855</b>
Business of the Arts	-	14,000	(14,000)	-
Canadian Red Cross <i>(Note 3)</i>	1,889	108,255	(110,144)	-
Edmonton Community Foundation	-	72,000	(64,934)	<b>7,066</b>
Government of Canada Grant	-	60,000	-	<b>60,000</b>
Prepaid memberships	2,144	3,355	(1,605)	<b>3,894</b>
Regional Municipality of Wood Buffalo - operations	-	482,000	(482,000)	-
Rural Arts Support - RMWB	-	42,000	(16,311)	<b>25,689</b>
Seniors and the Arts Project	-	25,000	(25,000)	-
Suncor Energy Inc.	-	35,000	-	<b>35,000</b>
Writers Festival - RMWB	-	50,000	(8,724)	<b>41,276</b>
Writers Festival - sponsorship	-	21,600	-	<b>21,600</b>
Other - fundraising, donations, interest and fees	-	7,275	(7,275)	-
	<b>24,966</b>	<b>1,037,321</b>	<b>(861,935)</b>	<b>200,352</b>

Amounts included in project summary above comprise all funding sources including grants, fundraising and donations, fees and interest income.



**Arts Council Wood Buffalo**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2020*

**4. Deferred contributions** *(Continued from previous page)*

Deferred contributions related to funding received from Regional Municipality of Wood Buffalo included above is as follows:

	<i>Beginning of the year</i>	<i>Funding received during the year</i>	<i>Recognized as revenue</i>	<i>End of the year</i>
Administration and payroll costs	-	482,000	(482,000)	-
Alberta Culture Days	-	20,000	(20,000)	-
Artist in Residency Program	-	20,000	(20,000)	-
Arts Awards	-	25,000	(25,000)	-
Business of the Arts	-	14,000	(14,000)	-
Rural Arts support	-	42,000	(16,311)	<b>25,689</b>
Writers Festival	-	50,000	(8,724)	<b>41,276</b>
	-	<b>653,000</b>	<b>(586,035)</b>	<b>66,965</b>

**5. 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 \$1,200 plus GST monthly. The amount of 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.

During the year, the Organization received rent relief from its lessor due to COVID-19 from May 1 to September 30, 2020 of \$5,759, which was recorded as a reduction of rent expense.

The estimated annual payments are as follows:

2021	14,400
2022	14,400
<u>2023</u>	<u>8,400</u>
	<u>37,200</u>

**6. Grant and sponsorship revenue**

	<b>2020</b>	<i>2019 (Unaudited)</i>
Regional Municipality of Wood Buffalo	<b>586,035</b>	350,000
Canadian Red Cross	<b>110,144</b>	132,759
Edmonton Community Foundation - Investment Readiness Program	<b>64,934</b>	-
Alberta Foundation for the Arts	<b>35,641</b>	-
Employment and Social Development Canada - Seniors and the Arts	<b>25,000</b>	-
Government of Alberta	<b>24,460</b>	49,896
Miscellaneous sponsorships	<b>2,003</b>	12,689
Suncor Energy Foundation - Kim Jenkins Scholarship Program	-	7,700
	<b>848,217</b>	<b>553,044</b>

**7. Economic dependence**

The Organization is economically dependant on grants 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 71% (2019 - 60%) of the revenue generated by the Organization.

**8. 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.

***Credit risk***

Credit risk refers to tech risk that a counterparty may default on its contractual obligations resulting in financial loss. The Organization is exposed to credit risk with respect to accounts receivable. The Organization assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts.

**9. Significant event**

As at and 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 Canadian federal, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. In accordance with the restrictions put in place by governments, the Organization has temporarily switched to remote operations, with many programs being offered virtually, while others are on hold until after the restrictions lift.

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.

The Organization applied for the Temporary Wage Subsidy (TWS). Under the TWS, employers are able to reduce the amount of payroll deductions they are required to remit to the CRA. For the year ended December 31, 2020, the Organization claimed subsidies under this program of \$6,875.