

## Auditors' Report

To the Members of  
B.C. Festival of the Arts Society

We have audited the statement of financial position of B.C. Festival of the Arts Society as at August 31, 1999 and the statements of operations and changes in net assets for the year then ended. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the B.C. Festival of the Arts Society derives revenue from the general public in the form of donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Society and we were not able to determine whether any adjustments might be necessary to donation revenue, deficiency of revenue over expenditure and deficit.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Society as at August 31, 1999 and the results of its operations for the year then ended in accordance with generally accepted accounting principles. As required by the Society Act of British Columbia, we report that, in our opinion these principles have been applied on a basis consistent with that of the preceding year.

Victoria, Canada  
October 7, 1999



Chartered Accountants

# B.C. Festival of the Arts Society

## Statements of Operations and Changes in Net Assets

Year Ended August 31

1999

1998

### Revenue

Grant from the Province of British Columbia	\$ 750,000	\$ 750,000
Donations (Note 1)	67,580	41,500
Federal grants	7,120	-
Program registration fees	40,017	14,810
Interest	4,463	3,260
Other	<u>13,075</u>	<u>1,738</u>
	<u>882,255</u>	<u>811,308</u>

### Expenditures

Adjudicators	101,911	96,409
Advertising and promotion	71,380	36,781
Delegate travel	11,830	48,132
Host community (Note 2)	225,589	291,022
Office	54,489	49,636
Opening ceremonies	8,093	-
Provincial Arts Service Organizations	58,900	68,497
Rent and storage	29,814	18,078
Staff and board travel	55,411	57,019
Staff salaries and wages	230,899	189,600
Stationery and supplies	9,658	8,156
Utilities	<u>10,730</u>	<u>13,337</u>
	<u>868,704</u>	<u>876,667</u>

Excess (deficiency) of revenue over expenditures \$ 13,551 \$ (65,359)

	Invested in Capital Assets	Operating Fund	1999 Total	1998 Total
Balance, beginning of year	\$ 12,255	\$ (104,599)	\$ (92,344)	\$ (26,985)
Invested in capital assets	6,696	(6,696)	-	-
Excess (deficiency) of revenue over expenditures	<u>(4,334)</u>	<u>17,885</u>	<u>13,551</u>	<u>(65,359)</u>
Balance, end of year	\$ <u>14,617</u>	\$ <u>(93,410)</u>	\$ <u>(78,793)</u>	\$ <u>(92,344)</u>

See accompanying notes to the financial statements.

# B.C. Festival of the Arts Society

## Statement of Financial Position

Year Ended August 31

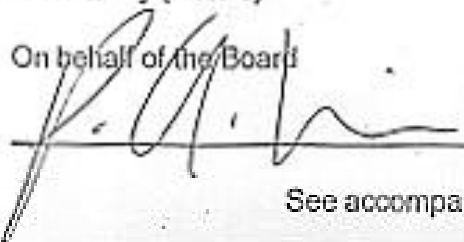
1999

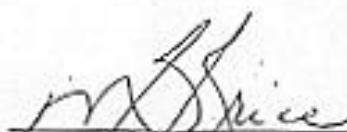
1998

	Invested in Capital Assets	Operating Fund	Total	Total
<b>Assets</b>				
<b>Current</b>				
Cash and term deposits	\$ -	\$ 69,053	\$ 69,053	\$ 58,294
Receivables	-	1,791	1,791	8,489
GST receivable	-	-	-	60
Prepaid insurance	-	2,539	2,539	1,908
Deposits	-	750	750	750
	<u>-</u>	<u>74,133</u>	<u>74,133</u>	<u>69,501</u>
Capital assets, at cost (Note 1)	55,102	-	55,102	48,406
Less accumulated amortization	<u>40,485</u>	<u>-</u>	<u>40,485</u>	<u>36,151</u>
	<u>14,617</u>	<u>-</u>	<u>14,617</u>	<u>12,255</u>
	<u>\$ 14,617</u>	<u>\$ 74,133</u>	<u>\$ 88,750</u>	<u>\$ 81,756</u>
<b>Liabilities</b>				
<b>Current</b>				
Payables and accruals	\$ -	\$ 14,600	\$ 14,600	\$ 18,140
Grants payable (Note 2)	-	50,043	50,043	55,960
Deferred grant revenue (Note 3)	<u>-</u>	<u>102,900</u>	<u>102,900</u>	<u>100,000</u>
	<u>-</u>	<u>167,543</u>	<u>167,543</u>	<u>174,100</u>
<b>Net assets</b>				
Invested in capital assets	14,617	-	14,617	12,255
Operating	<u>-</u>	<u>(93,410)</u>	<u>(93,410)</u>	<u>(104,599)</u>
	<u>14,617</u>	<u>(93,410)</u>	<u>(78,793)</u>	<u>(92,344)</u>
	<u>\$ 14,617</u>	<u>\$ 74,133</u>	<u>\$ 88,750</u>	<u>\$ 81,756</u>

Uncertainty (Note 5)

On behalf of the Board

 Director

 Director

See accompanying notes to the financial statements.

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# B.C. Festival of the Arts Society

## Notes to the Financial Statements

August 31, 1999

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### 1. Summary of significant accounting policies

#### (a) Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at their estimated fair value at the date of contribution.

Rates and bases of amortization applied to write off the cost less estimated salvage value of capital assets over their estimated lives are as follows:

Computer equipment	30%, declining balance
Furniture and office equipment	25%, declining balance

During the year the client received \$540 of computer equipment donated from a supplier. The equipment was costed at its replacement value. The amount of the donation is included in the donations-in-kind amount in Note 1(c).

#### (b) Revenue recognition

The Society 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 collections 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.

#### (c) Donations-in-kind

The Society records donated materials, services and facilities in those cases where:

- the Society controls the way they are used;
- there is a measurable basis for arriving at fair value; and
- the services are essential services which would normally be purchased and paid for if not donated.

The amount of such donations during the year ended August 31, 1999 was \$12,240 (1998: \$9,000).

#### (d) Statement of cash flows

A statement of cash flows has not been prepared as it would not provide any additional meaningful information.

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# B.C. Festival of the Arts Society

## Notes to the Financial Statements

August 31, 1999

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### 2. Grants payable

Grants payable includes \$3,500 payable to the 1999 Victoria Festival and \$38,264 payable to the 1997 Powell River Festival for legacy funding. Both amounts are subject to final review and determination.

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### 3. Deferred contributions

1999

1998

Deferred contributions represent restricted operating funding received in the current period that is related to the subsequent year. Changes in the deferred contributions balance are as follows:

Beginning balance, related to operating funding	\$ 100,000	\$ -
Add amount received related to the following year	102,900	100,000
Deduct amount related to current year	<u>(100,000)</u>	<u>-</u>
Ending balance, related to operating funding	\$ <u>102,900</u>	\$ <u>100,000</u>

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### 4. Comparative figures

Certain 1998 comparative figures have been reclassified to conform to the presentation adopted in the current year.

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### 5. Uncertainty due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the Society, including those relate to the efforts of customers, suppliers, or other third parties, will be fully resolved.

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