


Grant Thornton LLP
Chartered Accountants
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BC Festival of the Arts Society
Financial Statements
August 31, 2000

Auditors' Report

To the Members of
BC Festival of the Arts Society

We have audited the statement of financial position of BC Festival of the Arts Society as at August 31, 2000 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 BC 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, excess of revenue over expenditures and deficit.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Society as at August 31, 2000 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
September 29, 2000



Chartered Accountants

BC Festival of the Arts Society

Statements of Operations and Changes in Net Assets

Year Ended August 31

2000

1999

Revenue			(Note 7)
Grant from the Province of British Columbia	\$ 850,000	\$ 750,000	
Donations (Note 2(c))	41,137	67,580	
Federal grants	8,378	7,120	
Program registration fees	49,246	40,017	
Interest	5,943	4,463	
Other	<u>19,362</u>	<u>13,075</u>	
	<u>974,066</u>	<u>882,255</u>	
Expenditures			
Adjudicators	133,071	138,134	
Advertising and promotion	73,121	71,380	
Delegate travel	32,340	11,830	
Loss on disposal of assets	3,138	-	
Host community (Note 3)	293,107	246,589	
Millennium Project	10,169	-	
Office	57,114	54,489	
Opening ceremonies	4,562	8,093	
Provincial Arts Service Organizations	42,000	58,900	
Rent and storage	36,185	29,814	
Staff and board travel	82,707	55,411	
Staff salaries and wages	179,804	173,676	
Stationery and supplies	9,245	9,658	
Utilities	<u>13,409</u>	<u>10,730</u>	
	<u>969,972</u>	<u>868,704</u>	
Excess of revenue over expenditures	\$ <u>4,094</u>	\$ <u>13,551</u>	

	Invested in Capital Assets	Operating Fund	2000 Total	1999 Total
Balance, beginning of year	\$ 14,617	\$ (93,410)	\$ (78,793)	\$ (92,344)
Invested in capital assets	2,170	(2,170)	-	-
Excess of revenue over expenditures	<u>-</u>	<u>4,094</u>	<u>4,094</u>	<u>13,551</u>
Balance, end of year	\$ <u>16,787</u>	\$ <u>(91,486)</u>	\$ <u>(74,699)</u>	\$ <u>(78,793)</u>

See accompanying notes to the financial statements.

BC Festival of the Arts Society

Statement of Financial Position

Year Ended August 31

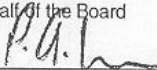
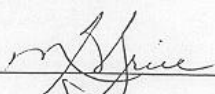
2000

1999

	Invested in Capital Assets	Operating Fund	Total	Total
Assets				
Current				
Cash and term deposits	\$ -	\$ 5,018	\$ 5,018	\$ 69,053
Receivables	-	11,658	11,658	1,791
Prepaid expenses	-	5,538	5,538	2,539
Deposits	-	750	750	750
	<u>-</u>	<u>22,964</u>	<u>22,964</u>	<u>74,133</u>
Capital assets (Note 2(a))	49,779	-	49,779	55,102
Less accumulated amortization	<u>32,992</u>	<u>-</u>	<u>32,992</u>	<u>40,485</u>
	<u>16,787</u>	<u>-</u>	<u>16,787</u>	<u>14,617</u>
	<u>\$ 16,787</u>	<u>\$ 22,964</u>	<u>\$ 39,751</u>	<u>\$ 88,750</u>
Liabilities				
Current				
Payables and accruals	\$ -	\$ 47,137	\$ 47,137	\$ 14,600
Grants payable (Note 3)	-	42,313	42,313	50,043
Deferred grant revenue (Note 4)	<u>-</u>	<u>25,000</u>	<u>25,000</u>	<u>102,900</u>
	<u>-</u>	<u>114,450</u>	<u>114,450</u>	<u>167,543</u>
Net assets				
Invested in capital assets	16,787	-	16,787	14,617
Operating	<u>-</u>	<u>(91,486)</u>	<u>(91,486)</u>	<u>(93,410)</u>
	<u>16,787</u>	<u>(91,486)</u>	<u>(74,699)</u>	<u>(78,793)</u>
	<u>\$ 16,787</u>	<u>\$ 22,964</u>	<u>\$ 39,751</u>	<u>\$ 88,750</u>

Commitments (Note 5)

On behalf of the Board

 Director
  Director

See accompanying notes to the financial statements.

BC Festival of the Arts Society

Notes to the Financial Statements

August 31, 2000

1. Purpose of the Society

The BC Festival of the Arts Society exists to produce, on behalf of the provincial government, a multidiscipline arts festival in partnership with a host municipality, which advances the artistic development of promising artists in British Columbia and advances regional participation in the arts of British Columbia.

2. 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 \$2,400 of computer equipment donated from a supplier. The equipment was valued at its replacement value. The amount of the donation is included in the donations-in-kind amount in Note 2(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.

BC Festival of the Arts Society

Notes to the Financial Statements

August 31, 2000

2. Summary of significant accounting policies

(c) Donations-in-kind (continued)

The amount of such donations during the year ended August 31, 2000 was \$16,062 (1999: \$12,240).

(d) Statement of cash flows

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

3. Grants payable

Grants payable includes \$38,264 payable to the 1997 Powell River Festival for legacy funding.

4. Deferred contributions

	<u>2000</u>	<u>1999</u>
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	\$ 102,900	\$ 100,000
Add amount received related to the following year	25,000	102,900
Deduct amount related to current year	<u>(102,900)</u>	<u>(100,000)</u>
Ending balance, related to operating funding	\$ <u>25,000</u>	\$ <u>102,900</u>

5. Commitments

The Company has entered into operating lease agreements for its premises. The minimum annual payments under such leases, net of charitable donation rent subsidization, are as follows:

Year ended August, 2001	\$ 10,834
Year ended August, 2002	13,000
Year ended August, 2003	<u>2,166</u>
	\$ <u>26,000</u>

BC Festival of the Arts Society

Notes to the Financial Statements

August 31, 2000

6. Economic dependence

The Society receives a substantial amount of its funding from government sources and is dependent upon this funding to maintain operations at current service levels.

7. Comparative figures

Certain comparative information for the 1999 year has been changed to conform to the presentation of the current year.
