

BC Festival of the Arts Society

Financial Statements

August 31, 2002

Grant Thornton 

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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, 2002 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.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian 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 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 revenues, net revenue, assets and net assets.

In our opinion, except for the effect of the potential adjustments which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the donations referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Society as at August 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian 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
April 24, 2003

Grant Thornton LLP

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BC Festival of the Arts Society

Statement of Operations

Year ended August 31 (Note 6)

2002

2001

Revenue		
Donations (Note 2(c))	\$ 37,513	\$ 41,971
Federal grants	80,853	40,351
Grant from the Province of British Columbia	933,034	750,000
Interest	845	5,489
Other	14,585	5,896
Program registration fees	<u>42,496</u>	<u>27,571</u>
	<u>1,109,326</u>	<u>871,278</u>
Expenditures		
Advertising and promotion	69,091	40,766
Delegate travel	5,704	18,155
Fundraising	2,000	
Host community (Note 3)	242,338	257,140
Loss on disposal of assets	11,034	
Office	117,239	51,625
Other shut down costs	2,612	
Professional artists and programs	176,985	194,665
Provincial Arts Service Organizations	35,016	41,100
Rent and storage	44,998	37,541
Special projects	-	6,244
Staff and board travel	54,797	86,168
Staff salaries and wages	189,705	180,405
Stationery and supplies	3,381	10,193
Utilities	<u>9,652</u>	<u>13,363</u>
	<u>964,552</u>	<u>937,365</u>
Excess (deficiency) of revenue over expenditures	<u>\$ 144,774</u>	<u>\$ (66,087)</u>

See accompanying notes to the financial statements.

BC Festival of the Arts Society

Statement of Changes in Net Assets

Year ended August 31 (Note 6)

2002

2001

	Invested in Capital Assets	Endowment Fund	Operating Fund	Total	Total
Balance, beginning of year	\$ 12,010	\$ 3,289	\$ (160,073)	\$ (144,774)	\$ (74,699)
Excess (deficiency) of revenue over expenditures	(11,034)	-	155,808	144,774	(66,087)
Amortization expense	-	-	-	-	(4,777)
Interfund transfers	(976)	(3,289)	4,265	-	-
Endowment contributions	-	-	-	-	700
Endowment interest	-	-	-	-	89
Balance, end of year	\$ -	\$ -	\$ -	\$ -	\$ (144,774)

See accompanying notes to the financial statements.

BC Festival of the Arts Society

Statement of Financial Position

August 31 (Note 6)

2002

2001

	Invested in Capital Assets	Endowment Fund	Operating Fund	Total	Total
Assets					
Current					
Cash and term deposits	\$ -	\$ -	\$ 3,798	\$ 3,798	\$ 20,148
Receivables (Note 3)	-	-	94,863	94,863	12,284
Interfund receivable	-	-	-	-	3,289
Prepays	-	-	-	-	2,215
Deposits	-	-	2,042	2,042	4,083
			100,703	100,703	42,019
Capital assets (Note 2(a))					49,779
Less accumulated amortization					37,769
					12,010
	\$ -	\$ -	\$ 100,703	\$ 100,703	\$ 54,029
Liabilities					
Current					
Payables and accruals	\$ -	\$ -	\$ 90,703	\$ 90,703	\$ 44,401
Interfund payable	-	-	-	-	3,289
Grants payable (Note 4)	-	-	10,000	10,000	41,113
Deferred grant revenue (Note 5)	-	-	-	-	110,000
			100,703	100,703	198,803
Net Assets					
Invested in capital assets					12,010
Endowment fund					3,289
Operating					(160,073)
					(144,774)
	\$ -	\$ -	\$ 100,703	\$ 100,703	\$ 54,029

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, 2002

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

(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 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.

(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 period ended August 31, 2002 was \$29,713 (2001: \$16,971).

BC Festival of the Arts Society

Notes to the Financial Statements

August 31, 2002

2. Summary of significant accounting policies (continued)

(d) Statement of cash flows

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

3. Host community receivable

The 2002 Festival was held in Surrey, British Columbia. The Surrey Festival incurred an accounting surplus, 50% of which is owing to the BC Festival of the Arts Society. The total amount owing to the BC Festival of the Arts Society from the Surrey Festival at August 31, 2002 is \$15,218 and is included in receivables at August 31, 2002.

4. Grants payable

The grants payable amount is for a holdback payable due to the Surrey Festival. In 2001, \$28,264 was included in grants payable for an amount due to the Powel River festival for legacy funding.

5. Deferred contributions	<u>2002</u>	<u>2001</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	\$ 110,000	\$ 25,000
Add amount received related to the following year	-	110,000
Deduct amount related to current year	<u>(110,000)</u>	<u>(25,000)</u>
Ending balance, related to operating funding	\$	<u>\$ 110,000</u>

6. Cessation of operations

Since 1997, the Society has been operating with an accumulated deficit and working capital deficiency. The Society received a substantial amount of its funding from government sources that has not been renewed, therefore, the Board of Directors of the Society has decided not to produce future arts festivals after the 2002 festival. All estimated expenditures related to the cessation of operations have been accrued and included in the financial statements at August 31, 2002.
