

Craft Council of British Columbia

Financial Statements

Year Ended December 31, 2013

(Unaudited)

CRAFT COUNCIL OF BRITISH COLUMBIA

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Year Ended December 31, 2013

(Unaudited)

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REVIEW ENGAGEMENT REPORT

To the Directors of Craft Council of British Columbia

We have reviewed the statement of financial position of Craft Council of British Columbia as at December 31, 2013 and the statements of revenues and expenditures, statement of members' equity and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of inquiry, analytical procedures and discussion related to information supplied to us by the society.

A review does not constitute an audit and consequently we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

Vancouver, British Columbia
April 25, 2014

BUCKLEY DODDS PARKER LLP
Chartered Accountants

CRAFT COUNCIL OF BRITISH COLUMBIA

Statement of Financial Position

December 31, 2013

(Unaudited)

	2013	2012
ASSETS		
CURRENT		
Cash	\$ 47,660	\$ 37,813
Term deposits	20,000	20,000
Accounts receivable	2,744	2,316
Inventory	14,051	13,757
HST / GST recoverable	-	2,375
Prepays and deposits	2,719	4,396
	<u>87,174</u>	80,657
PROPERTY, PLANT AND EQUIPMENT <i>(Note 4)</i>	1,610	58
	<u>\$ 88,784</u>	\$ 80,715
LIABILITIES AND MEMBERS' EQUITY		
CURRENT		
Accounts payable	\$ 7,494	\$ 3,654
Deferred revenue	26,255	23,388
Goods and services tax payable	1,362	-
	<u>35,111</u>	27,042
RESTRICTED ENDOWMENT FUND	20,000	20,000
MEMBERS' EQUITY FUND	33,673	33,673
	<u>53,673</u>	53,673
	<u>\$ 88,784</u>	\$ 80,715

ON BEHALF OF THE BOARD

 President
 Director

CRAFT COUNCIL OF BRITISH COLUMBIA

Statement of Members' Equity

Year Ended December 31, 2013

(Unaudited)

	2013	2012
MEMBERS' EQUITY - BEGINNING OF YEAR	\$ 33,673	\$ 34,722
NET LOSS FOR THE YEAR	-	(1,049)
MEMBER'S EQUITY - END OF YEAR	\$ 33,673	\$ 33,673

CRAFT COUNCIL OF BRITISH COLUMBIA

Statement of Revenues and Expenditures

Year Ended December 31, 2013

(Unaudited)

	2013	2012
REVENUE		
B.C gaming commission	\$ 20,025	\$ 38,600
Crafthouse (Schedule 1)	233,642	209,326
Curatorial activities	1,642	1,170
Education and outreach	-	1,090
Fees for service	4,688	4,926
Fundraising	30,067	10,785
Grants (Note 7)	78,866	45,000
Interest	14,629	13,583
Membership fees	13,908	2,514
Publication advertising revenue	610	5,320
	398,077	332,314
ADMINISTRATIVE EXPENSES		
AGM expenses	187	173
Amortization	1,139	25
Board expenses	532	1,386
Facility expenses	8,104	8,757
Interest and bank charges	592	811
Memberships and dues	1,273	1,307
Office	4,757	4,704
Professional fees	5,661	5,921
Salaries and benefits	73,073	64,209
Telecommunications	1,397	1,429
Travel	479	1,161
	97,194	89,883
	300,883	242,431
PROGRAM EXPENSES		
Crafthouse (Schedule 1)	204,068	195,243
Curatorial activities expenses	16,040	12,096
Education and outreach	4,023	4,902
Fund development expenses	435	2,374
Miscellaneous	23	-
Membership expense	23,831	18,565
Project (40th Anniversary) expenses	52,463	-
YVR: Crafthouse expenses	-	10,300
	300,883	243,480
NET LOSS	\$ -	\$ (1,049)

CRAFT COUNCIL OF BRITISH COLUMBIA

Statement of Cash Flows

Year Ended December 31, 2013

(Unaudited)

	2013	2012
OPERATING ACTIVITIES		
Net income (loss)	\$ -	\$ (1,049)
Item not affecting cash:		
Amortization	<u>1,139</u>	<u>25</u>
	<u>1,139</u>	<u>(1,024)</u>
Changes in non-cash working capital:		
Accounts receivable	(428)	(397)
Inventory	(294)	1,983
Accounts payable	3,840	95
Prepays and deposits	1,677	(1,771)
GST/HST payable (receivable)	3,737	(853)
Deferred revenue	<u>2,867</u>	<u>13,648</u>
	<u>11,399</u>	<u>12,705</u>
Cash flow from operating activities	<u>12,538</u>	<u>11,681</u>
INVESTING ACTIVITIES		
Additions to capital assets	<u>(2,691)</u>	<u>-</u>
Cash flow used by investing activities	<u>(2,691)</u>	<u>-</u>
INCREASE IN CASH FLOW	9,847	11,681
CASH - Beginning of year	<u>57,813</u>	<u>46,132</u>
CASH - End of year	\$ 67,660	\$ 57,813
CASH CONSISTS OF:		
Cash	\$ 47,660	\$ 37,813
Term deposits	<u>20,000</u>	<u>20,000</u>
	<u>\$ 67,660</u>	<u>\$ 57,813</u>

CRAFT COUNCIL OF BRITISH COLUMBIA

Notes to Financial Statements

Year Ended December 31, 2013

(Unaudited)

1. PURPOSE OF THE CRAFT COUNCIL OF BRITISH COLUMBIA

Craft Council of British Columbia (the "society") is incorporated under the Society Act of British Columbia as a not-for-profit organization and is a registered charity under the Income tax Act. The society supports all stages of artistic practice in the craft sector; creates opportunities for artists to exhibit, sell and produce art; provides a voice for artists and craft organizations and aids in the development of active communities around craft.

The Craft Council of British Columbia Gallery promotes contemporary fine craft of emerging and established artists by regularly exhibiting their work.

Crafthouse provides an outlet for the display and sale of contemporary, and leading edge fine crafts. Crafthouse provides craft-related information and education to the CCBC membership, general public, professionals in the visual arts community, and craftspeople.

2. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organization (ASNFPO).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

Craft Council of British Columbia follows the deferral method of accounting for contributions.

Revenues and expenses related to program delivery and administrative activities are reported in the Members' Equity Fund.

Restricted endowment contributions are reported in the Bracket Fund. Investment income earned on resources of the Endowment Fund is reported in the Members' Equity Fund.

Revenue Recognition

Craft Council of British Columbia 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.

Inventory

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

(continues)

CRAFT COUNCIL OF BRITISH COLUMBIA

Notes to Financial Statements

Year Ended December 31, 2013

(Unaudited)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment

Property, plant and equipment is stated at cost or deemed cost less accumulated amortization. Property, plant and equipment is amortized over its estimated useful life on a declining balance basis at the following rates and methods:

Computer equipment	30%	declining balance method
Computer equipment - purchased after March 18, 2007	55%	declining balance method
Computer software	100%	declining balance method

Addition to property, plant and equipment during the year are amortized using half-year rule in the year of addition.

Donated Goods and Services

Donated goods are recorded at their fair market value at the time of the donation.

Measurement uncertainty

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

4. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated amortization	2013 Net book value	2012 Net book value
Computer equipment	\$ 6,433	\$ 5,672	\$ 761	\$ 58
Computer software	4,300	3,451	849	-
	<u>\$ 10,733</u>	<u>\$ 9,123</u>	<u>\$ 1,610</u>	<u>\$ 58</u>

5. VANCOUVER FOUNDATION ENDOWMENT

The Crafts Council of British Columbia has an endowment of \$164,500 (2012 - \$164,500) with the Vancouver Foundation. These funds are externally restricted and are not available to the society. In 2009, the society has adopted the accounting treatment required under generally accepted accounting practices and has not disclosed these funds on the financial statements. The funds comprise the Craft Council of British Columbia Fund and Awards Fund (note 6).

Interest income on the investment of these funds by the Vancouver Foundation is paid to the society for its general use. Interest earned in 2013 was \$7,763 (2012 - \$7,601) and the market value of the funds invested was \$223,322 (2012 - \$201,069) at December 31, 2013.

CRAFT COUNCIL OF BRITISH COLUMBIA

Notes to Financial Statements

Year Ended December 31, 2013

(Unaudited)

6. RESTRICTED FUNDS

As at December 31, 2013 the society's restricted funds are as follows:

1) Externally restricted funds are comprised of investments held at the Vancouver Foundation (note 5) and are not available to the society. The externally restricted funds comprise \$120,000 in the endowment fund and \$44,500 in the awards fund at December 31, 2013.

2) The Bracket Fund was created as a reserve fund to ensure the stability of the society. It is comprised of term deposits held by the society and are restricted by the board of directors to secure a line of credit from CIBC. The interest on the line of credit will be calculated at prime rate plus 1.500% per annum. The Bracket Fund is \$20,000 at December 31, 2013.

7. GRANTS

The society is registered as a not-for-profit organization and is a charity under Section 149 of the Income Tax Act. Accordingly donations to the society are deductible for income tax purposes by donors and the society is not subject to income tax on its excess of revenue over expense. The grants received during the year are as follow:

	2013	2012
Canada council grant	\$ 9,000	\$ -
Canada council grant - Jean Chalmers	7,000	-
HRDC - summer career placement	10,866	-
BCAC capacity grant	12,000	-
Province of BC grant	22,000	22,000
City of Vancouver	18,000	13,000
	<u>\$ 78,866</u>	<u>\$ 35,000</u>

8. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

CRAFT COUNCIL OF BRITISH COLUMBIA

Schedule of Craffhouse Operations

(Schedule 1)

Year Ended December 31, 2013

(Unaudited)

	2013	2012
REVENUE	\$ 233,642	\$ 209,326
COST OF SALES	129,671	116,517
GROSS PROFIT	103,971	92,809
STORE EXPENSES		
Advertising and promotion	342	1,906
Bank charges	1,772	1,660
Freight	370	212
Insurance	1,392	1,414
Office	8,227	8,001
Professional fees	5,652	5,753
Rent and utilities	5,946	6,001
Salary and benefits	49,902	53,003
Telecommunications	794	776
	74,397	78,726
INCOME FROM OPERATIONS	\$ 29,574	\$ 14,083