

**221A ARTIST RUN CENTRE SOCIETY**  
**Financial Statements**  
**Year Ended March 31, 2017**

**221A ARTIST RUN CENTRE SOCIETY**  
**Index to Financial Statements**  
**Year Ended March 31, 2017**

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of 221A Artist Run Centre Society

We have audited the accompanying financial statements of 221A Artist Run Centre Society, which comprise the statement of financial position as at March 31, 2017 and the statements of revenues and expenditures, changes in net assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Independent Auditor's Report to the Members of 221A Artist Run Centre Society *(continued)*

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of 221A Artist Run Centre Society as at March 31, 2017 and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Vancouver, British Columbia  
June 15, 2017

BUCKLEY DODDS PARKER LLP  
Chartered Professional Accountants

**221A ARTIST RUN CENTRE SOCIETY**  
**Statement of Financial Position**  
**March 31, 2017**

	2017	2016
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 78,572	\$ 128,707
Term deposits	20,506	20,413
Accounts receivable	21,709	5,150
Goods and services tax recoverable	2,832	6,103
Security / tender deposits	18,324	18,324
	<u>141,943</u>	<u>178,697</u>
CAPITAL ASSETS (Note 3)	<u>180,529</u>	<u>194,677</u>
	<u>\$ 322,472</u>	<u>\$ 373,374</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable	\$ 57,645	\$ 45,765
Deferred income	148,000	225,890
Due to related parties	-	4,945
	<u>205,645</u>	<u>276,600</u>
NET ASSETS	<u>116,827</u>	<u>96,774</u>
	<u>\$ 322,472</u>	<u>\$ 373,374</u>

ON BEHALF OF THE BOARD

  
 \_\_\_\_\_ Director  
  
 \_\_\_\_\_ Director

The accompanying notes are an integral part of these audited financial statements.

**221A ARTIST RUN CENTRE SOCIETY**  
**Statement of Revenues and Expenditures**  
**For the Year Ended March 31, 2017**

	2017	2016
<b>REVENUE</b>		
Public Sector Revenue		
B.C. Arts Council - Operating & Project	\$ 75,000	\$ 66,000
B.C. Gaming and Lottery	9,500	9,500
B.C. Ministry of Sport and Culture	50,000	-
Canada Council - Operating & Project	36,000	44,000
City of Vancouver - Operating	16,000	16,000
City of Vancouver- Project	-	4,000
Department of Canadian Heritage	15,978	64,488
Other	5,952	-
Total Public Sector Revenue	<u>208,430</u>	<u>203,988</u>
Private Sector Revenue		
Corporate Donations	97,375	101,145
Foundation Grants and Donations	6,378	-
Fundraising Events (gross)	392	3,632
Individual Donations	9,136	19,848
Total Private Sector Revenue	<u>113,281</u>	<u>124,625</u>
Earned Revenue		
Co-Productions	20,071	39,000
Interest Savings	120	446
Membership Dues or Fees	1,050	1,290
Other	3,287	-
Publication Sales and Broadcasting	1,206	-
Sublease Income	491,954	212,678
Total Earned Revenue	<u>517,688</u>	<u>253,414</u>
	<u>839,399</u>	<u>582,027</u>
<b>EXPENSES</b>		
Accounting and Audit fees	14,349	10,607
Advertising and promotion	259	2,740
Amortization of intangible assets	31,412	14,945
Bad debts	-	4,999
Bank charges	4,675	4,618
Delivery, freight and express	2,648	4,326
Exhibition and programming expense	78,975	60,510
Insurance	7,720	6,143
Legal fees	1,846	3,312
Miscellaneous	6,854	3,133
Office	6,018	1,830
Facility expenses	22,364	21,438
Fundraising expenses	-	3,793
Exchange Gain/Loss	2,312	-
Professional fees	17,899	19,663
Rental	312,974	148,927
Repairs and maintenance	18,525	14,257
Salaries and wages	260,080	177,213
Travel	8,437	2,037
Utilities	22,553	3,156
	<u>819,900</u>	<u>507,647</u>

*(continues)*

The accompanying notes are an integral part of these audited financial statements.

**221A ARTIST RUN CENTRE SOCIETY**  
**Statement of Revenues and Expenditures (continued)**  
**For the Year Ended March 31, 2017**

	2017	2016
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>\$ 19,499</b>	<b>\$ 74,380</b>

The accompanying notes are an integral part of these audited financial statements.

**221A ARTIST RUN CENTRE SOCIETY**  
**Statement of Changes in Net Assets**  
**Year Ended March 31, 2017**

	2017		2016
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>\$ 97,328</b>	<b>\$</b>	<b>22,394</b>
Excess of revenue over expenses	19,499		74,380
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 116,827</b>	<b>\$</b>	<b>96,774</b>

The accompanying notes are an integral part of these audited financial statements.



**221A ARTIST RUN CENTRE SOCIETY****Statement of Cash Flow****Year Ended March 31, 2017**

	2017	2016
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	\$ 19,499	\$ 74,380
Item not affecting cash:		
Amortization	<u>31,412</u>	14,945
	<u>50,911</u>	<u>89,325</u>
Changes in non-cash working capital:		
Accounts receivable	(16,559)	29,604
Accounts payable	11,881	44,324
Deferred income	(77,890)	189,890
Prepaid expenses	-	5,000
Goods and services tax payable	3,271	(4,222)
Security / tender deposits	<u>-</u>	<u>(1,824)</u>
	<u>(79,297)</u>	<u>262,772</u>
Cash flow from (used by) operating activities	<u>(28,386)</u>	<u>352,097</u>
<b>INVESTING ACTIVITY</b>		
Purchase of equipment	<u>(17,265)</u>	<u>(209,370)</u>
<b>FINANCING ACTIVITY</b>		
Advances to related parties	<u>(4,945)</u>	<u>-</u>
<b>OTHER CASH FLOW ITEMS</b>		
Miscellaneous	<u>554</u>	<u>(51)</u>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>(50,042)</b>	<b>142,676</b>
Cash - beginning of year	<u>149,120</u>	<u>6,444</u>
<b>CASH - END OF YEAR</b>	<b>\$ 99,078</b>	<b>\$ 149,120</b>

The accompanying notes are an integral part of these audited financial statements.

# 221A ARTIST RUN CENTRE SOCIETY

## Notes to Financial Statements

Year Ended March 31, 2017

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### 1. PURPOSE OF THE ORGANIZATION

221A Artist Run Centre Society (the "Organization") is a not-for-profit organization incorporated provincially under the Society Act of British Columbia. As a registered charity the Organization is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

The Society was established in 2005. Its purpose is to educate and increase understanding and appreciation of art and design practices by providing exhibitions and public presentations in a variety of public venues and by providing seminars and workshops on topics related to such exhibitions and public presentations. Furthermore, the Society provides instructional seminars on topics related to contemporary art and design, to increase public knowledge and understanding of the historical, social and intellectual conditions that inform contemporary art and design practice.

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of presentation

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

#### Equipment

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

Furniture and equipment	20%	declining balance method
Leasehold improvements - 222E. Georgia Street Facility	5 years	straight-line method
Leasehold improvements- 1654 Franklin Street Facility	9 years	straight-line method

The company regularly reviews its equipment to eliminate obsolete items. Government grants are treated as a reduction of equipment cost.

Equipment is amortized at one-half the normal rate in the year of acquisition. No amortization is taken in the year of disposal. Equipment acquired during the year but not placed into use are not amortized until they are placed into use.

Leasehold improvements pertaining to the Society's premises are amortized on a straight-line basis over the term of the respective leases.

The carrying values of equipment are tested for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. An impairment loss is recognized when the carrying amount of an asset exceeds the future undiscounted cash flows expected from the asset

As at March 31, 2017, no events or changes in circumstances had occurred which indicated that the carrying amounts of equipment may not be recoverable.

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## 221A ARTIST RUN CENTRE SOCIETY

### Notes to Financial Statements

Year Ended March 31, 2017

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#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

##### Net assets

- a) Net assets invested in property and equipment represents the organization's net investment in property and equipment which is comprised of the unamortized amount of property and equipment purchased with restricted funds.
- b) Internally restricted net assets are funds which have been designated for a specific purpose by the organization's Board of Directors.
- c) Unrestricted net assets comprise the excess of revenue over expenses accumulated by the organization each year, net of transfers, and are available for general purposes.

##### Revenue recognition

221A Artist Run Centre 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.

##### Goods and Services Tax

Contributed materials and services are recoverable at 50% as a rebate. The unrecoverable portion is recorded as an expense with the rebate treated as a receivable.

##### Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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.

##### Volunteers

The Society benefits greatly from donated services in the form of volunteer work for various activities. These donated services are not recorded in the financial record of the Society because of the difficulty of measurement.

##### Use of estimates

The preparation of financial statements in conformity with Canadian Accounting Standards for Not-for-Profit requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying disclosures. Although these estimates are based on management's knowledge of current events and actions the Association may undertake in the future, actual results may differ from the estimates.

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**221A ARTIST RUN CENTRE SOCIETY**

**Notes to Financial Statements**

**Year Ended March 31, 2017**

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

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

**3. EQUIPMENT**

	Cost	Accumulated amortization	2017 Net book value	2016 Net book value
Furniture and fixtures	\$ 19,665	\$ 3,878	\$ 15,787	\$ 2,656
Leasehold improvements -222 E. Georgia Street Facility	71,818	21,129	50,689	62,761
Leasehold improvements- 1654 Franklin Facility	136,864	22,811	114,053	129,260
	<u>\$ 228,347</u>	<u>\$ 47,818</u>	<u>\$ 180,529</u>	<u>\$ 194,677</u>

**4. DEFERRED REVENUE**

	2017	2016
Deferred Revenue		
B.C. Arts Council	\$ 57,000	\$ 16,000
B.C. Ministry of Community Sport and Cultural Development	31,000	82,000
Canada Council for the Arts	10,000	6,000
City of Vancouver	50,000	-
Other	-	26,890
	<u>148,000</u>	<u>130,890</u>
Subtotal		
Restricted Revenue		
Corporate Donations	-	95,000
	<u>\$ 148,000</u>	<u>\$ 225,890</u>

**5. OUTDOOR SITE**

The Society maintains an outdoor site to display public art. In the prior year, the expenditures consisted of the site preparation and creation of the display "Vancouver Especially". The Society had expensed the cost in the prior year as the degree of certainty that economic benefits were to flow to the Society beyond that period was insufficient to warrant the recognition of an asset.

**6. LINE OF CREDIT**

The Organization has a line of credit from TD Bank. The LOC is an overdraft of their main chequing account and is secured by the business investor account.

**221A ARTIST RUN CENTRE SOCIETY**

**Notes to Financial Statements**

**Year Ended March 31, 2017**

**7. LEASES**

The Society has entered into leases for commercial and display space as follows:

**Yee Fung Toy Society of Canada**

2017	44,400
2018	44,400
2019	44,400
2020	48,000
2021	48,000

**Casu Holdings Ltd.**

2018	34,200
2019	36,000
2020	37,200
2021	38,400

**Davicioni Holdings Ltd.**

2016 - 2017	176,760
2017 - 2019	180,942
2019 - 2021	185,234
2021 - 2023	189,684
2023 - 2025	194,252

**271 Union Street Lease**

The lease for the Outdoor Site expires on July 1, 2020, and per the agreement, the Society agreed to pay \$10.00 for the term of the lease. The Society is responsible for all utilities and telecommunications.