

# **PRINCE GEORGE REGIONAL ART GALLERY ASSOCIATION**

**Financial Statements**

**December 31, 2023**

DRAFT

**PRINCE GEORGE REGIONAL ART GALLERY ASSOCIATION**

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**December 31, 2023**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Prince George Regional Art Gallery Association

### Opinion

We have audited the financial statements of Prince George Regional Art Gallery Association (the Entity), which comprise the statement of financial position as at December 31, 2023, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2023, and the results of its operations and cash flows for the year then ended in accordance with Canadian Accounting Standards for Non-for-profit Organizations.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian Accounting Standards for Non-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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

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#### Partners

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**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Report on Other Legal and Regulatory Requirements**

As required by the Societies Act of British Columbia, we report that, in our opinion, Canadian Accounting Standards for Non-for-profit Organizations have been applied on a basis consistent with that of the preceding year.

Chartered Professional Accountants

Prince George, British Columbia

March 26, 2024

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PRINCE GEORGE REGIONAL ART GALLERY ASSOCIATION

STATEMENT OF FINANCIAL POSITION

December 31, 2023

ASSETS

	<u>2023</u>	<u>2022</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 241,424	\$ 137,070
Temporary Investment (Note 3)	43,429	42,620
Accounts Receivable	26,254	9,337
Inventory	6,695	8,538
Prepaid Expenses	9,577	10,872
	<u>327,379</u>	<u>208,437</u>
<b>INVESTMENTS (Note 4)</b>	<b>417,735</b>	<b>385,467</b>
<b>TANGIBLE CAPITAL ASSETS (Note 5)</b>	<b>229,317</b>	<b>254,183</b>
<b>PERMANENT COLLECTION (Note 6)</b>	<u><b>1</b></u>	<u><b>1</b></u>
Approved by the Board:		
_____, Director		
_____, Director		
	<u><b>\$ 974,432</b></u>	<u><b>\$ 848,088</b></u>

## LIABILITIES

	<u>2023</u>	<u>2022</u>
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Liabilities (Note 7)	\$ 106,164	\$ 89,129
Unearned Revenue (Note 8)	9,807	12,266
Deferred Contributions (Note 9)	<u>86,443</u>	<u>37,180</u>
	202,414	138,575
<b>DEFERRED CONTRIBUTIONS RELATED TO TANGIBLE CAPITAL ASSETS (Note 10)</b>	<u>116,661</u>	<u>124,400</u>
	<u>319,075</u>	<u>262,975</u>
<b>NET ASSETS</b>		
<b>INVESTMENT IN TANGIBLE CAPITAL ASSETS AND PERMANENT COLLECTION (Note 11)</b>	112,657	129,785
<b>UNRESTRICTED</b>	118,707	31,335
<b>INTERNALLY RESTRICTED CAPITAL RESERVE</b>	<u>423,993</u>	<u>423,993</u>
	<u>655,357</u>	<u>585,113</u>
	<u><u>\$ 974,432</u></u>	<u><u>\$ 848,088</u></u>
<b>COMMITMENTS (Note 12)</b>		

See notes to the financial statements.

**PRINCE GEORGE REGIONAL ART GALLERY ASSOCIATION**

**STATEMENT OF OPERATIONS**

**For the year ended December 31, 2023**

	<b>2023</b>	<b>2023</b>	<b>2022</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
	<b>(Note 18)</b>		
<b>REVENUES</b>			
<b>GRANT REVENUES</b>			
Regional District of Fraser-Fort George (Note 13)	\$ 599,200	\$ 551,200	\$ 520,000
Community Gaming	195,500	133,097	263,709
BC Arts Council (Note 15)	80,000	77,000	106,468
Federal Government (Note 14)	37,400	32,862	132,225
Canada Council	25,000	62,000	59,000
Other Education Grants (Note 16)	43,000	36,882	26,034
Other Grants	75,000	162,108	51,473
	<u>1,055,100</u>	<u>1,055,149</u>	<u>1,158,909</u>
<b>PROGRAMMING REVENUE</b>			
Education Programming (Schedule 1)	170,386	122,921	159,792
Exhibition Programming (Schedule 2)	9,200	35,334	23,450
Development (Schedule 3)	83,200	34,115	36,195
Gallery Shop (Schedule 4)	63,375	54,475	36,718
Facility Rental (Schedule 5)	-	-	-
	<u>326,161</u>	<u>246,845</u>	<u>256,155</u>
Federal Government Subsidy	-	-	-
Investment Income	-	7,067	7,287
Unrealized Gain(Loss)	-	25,201	(43,894)
Amortization of Deferred Contributions Related to Tangible Capital Assets (Note 10)	-	7,739	7,739
	<u>1,381,261</u>	<u>1,342,001</u>	<u>1,386,196</u>
<b>EXPENSES</b>			
Administrative Expenses (Schedule 6)	282,149	298,641	354,548
Exhibition Programming (Schedule 2)	307,065	279,532	369,554
Administrative Wages and Benefits	336,538	277,005	319,384
Education Programming (Schedule 1)	234,991	212,174	298,114
Development (Schedule 3)	99,300	84,318	85,976
Gallery Shop - General and Administrative (Schedule 4)	42,290	53,922	19,028
Gallery Shop - Cost of Sales (Schedule 4)	38,200	41,298	22,970
Facility Rental (Schedule 5)	-	-	-
Amortization	19,200	24,867	30,472
	<u>1,359,733</u>	<u>1,271,757</u>	<u>1,500,046</u>
<b>EXCESS (EXPENSES) REVENUES</b>	<u>\$ 21,528</u>	<u>\$ 70,244</u>	<u>\$ (113,850)</u>

See notes to the financial statements.



**PRINCE GEORGE REGIONAL ART GALLERY ASSOCIATION**

**STATEMENT OF CHANGES IN NET ASSETS**

**For the year ended December 31, 2023**

	<b>2023</b>				<b>2022</b>
	<b>Investment in Tangible Capital Assets (Note 11)</b>	<b>Unrestricted</b>	<b>Internally Restricted Capital Reserve</b>	<b>Total</b>	<b>Total</b>
<b>BALANCE AT BEGINNING OF THE YEAR</b>	\$ 129,785	\$ 31,335	\$ 423,993	<b>\$ 585,113</b>	\$ 698,963
<b>EXCESS REVENUES (EXPENSES)</b>	(17,128)	87,372	-	<b>70,244</b>	(113,850)
<b>INTERFUND TRANSFER (Note 21)</b>	-	-	-	-	-
<b>BALANCE AT END OF THE YEAR</b>	<u>\$ 112,657</u>	<u>\$ 118,707</u>	<u>\$ 423,993</u>	<u><b>\$ 655,357</b></u>	<u>\$ 585,113</u>

See notes to the financial statements.

**PRINCE GEORGE REGIONAL ART GALLERY ASSOCIATION**

**STATEMENT OF CASH FLOWS**

**For the year ended December 31, 2023**

	<u>2023</u>	<u>2022</u>
<b>OPERATING ACTIVITIES</b>		
Excess Revenues (Expenses)	\$ 70,244	\$ (113,850)
Items Not Affecting Cash:		
Amortization of Deferred Contributions Related to Equipment	(7,739)	(7,739)
Loss on Disposal of Equipment	-	-
Unrealized Loss (Gain)	(25,201)	43,894
Amortization of Equipment	<u>24,867</u>	<u>30,472</u>
	62,171	(47,223)
Changes in Non-Cash Operating Working Capital Items:		
Accounts Receivable	(16,917)	(888)
Inventory	1,843	(1,702)
Prepaid Expenses	1,295	1,288
Accounts Payable and Accrued liabilities	17,035	(35,071)
Unearned Revenue	(2,459)	(38,482)
Deferred Contributions	57,002	(82,178)
Deferred Contributions Related to Tangible Capital Assets	<u>(7,739)</u>	<u>(19,211)</u>
	<u>112,231</u>	<u>(223,467)</u>
<b>INVESTING ACTIVITIES</b>		
Temporary Investment - Reinvested	(810)	(795)
Acquisition of Investment	-	(59,882)
Investment Gains - Reinvested	(7,067)	(7,287)
Acquisition of Equipment	<u>-</u>	<u>(42,100)</u>
	<u>(7,877)</u>	<u>(110,064)</u>
<b>INCREASE (DECREASE) IN CASH DURING THE YEAR</b>	<b>104,354</b>	<b>(333,531)</b>
<b>CASH AT BEGINNING OF THE YEAR</b>	<u><b>137,070</b></u>	<u><b>470,601</b></u>
<b>CASH AT END OF THE YEAR</b>	<u><u><b>\$ 241,424</b></u></u>	<u><u><b>\$ 137,070</b></u></u>

See notes to the financial statements.

# PRINCE GEORGE REGIONAL ART GALLERY ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

### 1. PURPOSE OF THE ASSOCIATION

The Prince George Regional Art Gallery Association ("the Association") is a not-for-profit organization incorporated in January 1971 under the Society Act (British Columbia). The Prince George Regional Art Gallery Association, operating as Two Rivers Gallery, contributes to the quality of life of the residents of Prince George and the Central Interior of British Columbia by collecting, exhibiting and interpreting visual art. Its objectives are to establish and maintain an art gallery for the perpetual benefit of the Regional District of Fraser Fort-George and its citizens. It is a registered Canadian charity pursuant to Section 149(1)(l) of the *Income Tax Act*.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### Basis for Presentation

The Association applies the Canadian accounting standards for not-for-profit organizations.

#### Fund Accounting

##### *Investment in Tangible Capital Asset Fund*

The Investment in Tangible Capital Asset fund reports the assets, liabilities, revenues and expenses related to the tangible capital assets of the Association.

##### *Unrestricted Fund*

The Unrestricted fund accounts for the Associations program delivery, development and administrative activities. This fund reports unrestricted resources.

##### *Internally Restricted Capital Reserve Fund*

The Internally Restricted Capital Reserve fund is an internally restricted fund. The purpose of this fund is to provide resources for significant tangible capital asset purchases. The fund reports funds reserved for the purchase of significant tangible capital assets.

#### Revenue Recognition

The Association 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.

Unearned revenue represents memberships, class fees and other revenue that have been received but not yet earned.

Rental and gallery shop revenues are recognized in the year in which they were earned.

# PRINCE GEORGE REGIONAL ART GALLERY ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued

#### Inventory

Inventory is valued at the lower of cost and net realizable value, with the cost being determined using the specific identification method. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable variable selling costs. Inventory consists of items available for sale in the gift shop.

#### Tangible Capital Assets

Tangible capital assets are recorded at cost. Tangible capital assets are recorded at fair value at the date of contribution. Tangible capital assets and deferred contributions related to tangible capital assets are amortized using the following rates and methods:

Collections storage	4%	Declining balance
Program equipment	20%	Declining balance
Exhibition equipment	20%	Declining balance
Shop fixtures	20%	Declining balance
Computer equipment	30%	Declining balance
Office equipment	20%	Declining balance
Furniture	20%	Declining balance
Maintenance equipment	20%	Declining balance
Website	5%	Straight-line
Software	20%	Declining balance
Building improvements	7-20%	Straight-line
Data base	20%	Declining balance

#### Permanent Collection

The permanent collection of the Association is comprised of paintings, drawings, sculptures and other visual art materials primarily of a contemporary nature. The Association is responsible for the management of the Prince George Regional Art Gallery collection. The collection is shown as an asset at nominal value of \$1 due to the practical difficulties of determining a meaningful value for the assets. Items purchased for the collection are recorded as an expense in the year of acquisition. Contributed collections are appraised and recorded at fair market value in the books of account. A donation-permanent collection revenue and expense is recognized for the contribution. See Schedule 2 for more information. All preservation costs are expensed in the period incurred. The permanent collection is not amortized as these assets are works of art, which are rare and unique and have cultural and historical significance.

#### Contributed Materials, Supplies and Services

Donors and volunteers contribute materials, supplies and services to assist the Association in carrying out its service delivery activities. Contributed materials, supplies and services are recognized in the financial statements only if their fair value can be determined.

# PRINCE GEORGE REGIONAL ART GALLERY ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued

#### Cash

Cash includes cash on hand and cash on deposit net of cheques issued and outstanding at the reporting date.

#### Financial Instruments

##### *Measurement of financial instruments*

The Association initially measures its financial assets and financial liabilities at fair value.

The Association subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments that are quoted in an active market, which are measured at fair value. Changes in fair value of these financial instruments are recognized in net income.

Financial assets measured at amortized cost include cash, temporary investments and accounts receivable.

Financial assets measured at fair value include investments which are comprised of fixed income investments.

Financial liabilities measured at cost include accounts payable and accrued liabilities.

##### *Impairment*

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

##### *Transaction costs*

The entity recognizes its transaction costs in net income in the period incurred. However, the carrying amount of the financial instruments that will not be subsequently measured at fair value is reflected in the transaction costs that are directly attributable to their origination, issuance or assumption.

#### Measurement Uncertainty

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant. Significant estimates include the useful life of equipment.

# PRINCE GEORGE REGIONAL ART GALLERY ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

### 3. TEMPORARY INVESTMENT

The temporary investment consists of a guaranteed investment certificate with an interest rate of 1.9% per year and a maturity date of January 30, 2024. The investment is redeemable on demand with no penalty.

### 4. INVESTMENTS

Investments are managed by a Credential Securities and are invested in fixed income investments. These investments have been restricted to fund the internally restricted funds disclosed in note 2.

The cost of investments as at December 31, 2023 is \$420,942 (2022 - \$415,945).

### 5. TANGIBLE CAPITAL ASSETS

	2023			2022
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Collection's storage	\$ 79,264	\$ 24,819	\$ 54,445	\$ 56,713
Program equipment	33,763	28,969	4,794	5,993
Exhibition equipment	43,002	40,614	2,388	2,985
Shop fixtures	15,547	14,552	995	1,244
Computer equipment	82,415	75,470	6,945	11,283
Office equipment	10,478	8,347	2,131	2,665
Furniture	47,145	39,877	7,268	7,754
Maintenance equipment	2,210	2,192	18	23
Website	8,200	7,652	548	2,187
Building improvements	147,552	30,891	116,661	124,399
Shop design	28,369	13,213	15,156	18,945
Data base	29,649	11,681	17,968	19,992
	<u>\$ 527,594</u>	<u>\$ 298,277</u>	<u>\$ 229,317</u>	<u>\$ 254,183</u>

### 6. PERMANENT COLLECTION

The Association maintains an extensive collection of visual arts, particularly art featuring the Central Interior and life in Northwestern Canada. The permanent collection comprises of 468 (2022 – 457) works of art.

The Association acquires works of art by purchase, gift and bequest. There were eleven acquisitions during the year (2022 – 8) from purchase, gifts or bequests. The fair value of these pieces totalled \$34,350 (2022 – \$40,550).

**PRINCE GEORGE REGIONAL ART GALLERY ASSOCIATION**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended December 31, 2023**

**7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable consists of:

	<u>2023</u>	<u>2022</u>
Trade payable	\$ 93,176	\$ 77,746
Government remittances payable - payroll and federal sales tax	<u>12,988</u>	<u>11,383</u>
	<u><u>\$ 106,164</u></u>	<u><u>\$ 89,129</u></u>

**8. UNEARNED REVENUE**

	<u>2023</u>	<u>2022</u>
Programs	\$ 7,520	\$ 9,525
Memberships	<u>2,287</u>	<u>2,741</u>
	<u><u>\$ 9,807</u></u>	<u><u>\$ 12,266</u></u>

**9. DEFERRED CONTRIBUTIONS**

Deferred contributions represent unspent resources received in the current period that are related to subsequent periods and are externally restricted for specific program expenditures. The deferred contributions for the year are as follows:

	<u>2023</u>	<u>2022</u>
Gaming	\$ 66,443	\$ 19,641
Other grants	<u>20,000</u>	<u>17,539</u>
	<u><u>\$ 86,443</u></u>	<u><u>37,180</u></u>

**10. DEFERRED CONTRIBUTIONS RELATED TO TANGIBLE CAPITAL ASSETS**

Deferred contributions related to tangible capital assets represent restricted contributions with which equipment has or will be purchased. The changes in the deferred contributions related to equipment balance for the year are as follows:

	<u>Opening Balance</u>	<u>Unspent Reversal</u>	<u>Releases</u>	<u>Closing Balance 2023</u>	<u>2022</u>
<b>Building Improvements</b>					
Canadian Heritage Grant	\$ 70,550	\$ -	\$ (5,230)	\$ 65,320	\$ 70,550
City of Prince George	<u>53,850</u>	<u>-</u>	<u>(2,509)</u>	<u>51,341</u>	<u>53,850</u>
	<u><u>\$ 124,400</u></u>	<u><u>-</u></u>	<u><u>(7,739)</u></u>	<u><u>116,661</u></u>	<u><u>124,400</u></u>

# PRINCE GEORGE REGIONAL ART GALLERY ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

### 10. DEFERRED CONTRIBUTIONS RELATED TO TANGIBLE CAPITAL ASSETS, continued

The closing deferred balance of the Canada Heritage Grant as of December 31, 2023 consisted of \$nil (2022 - \$nil) in unspent funding.

### 11. INVESTMENT IN TANGIBLE CAPITAL ASSETS AND PERMANENT COLLECTION

	2023	2022
<b>The change in net assets invested in tangible capital assets is calculated as follows:</b>		
Deficiency of revenue over expenses:		
Amortization of deferred contributions related to tangible capital assets	\$ 7,739	\$ 7,739
Loss on disposal of capital assets	-	-
Amortization of tangible capital assets	(24,867)	(30,472)
	(17,128)	(22,733)
Investment in tangible capital assets		
Tangible capital asset grant funding used	-	-
Acquisition of tangible capital assets	-	42,100
	-	42,100
Change in net assets invested in tangible capital assets	\$ (17,128)	\$ 19,367
<b>Net assets invested in tangible capital assets is calculated as follows:</b>		
Tangible Capital Assets	\$ 229,317	\$ 254,183
Permanent collection	1	1
	229,318	254,184
Financed by:		
Deferred contributions related to equipment	116,661	124,399
	\$ 112,657	\$ 129,785

### 12. COMMITMENTS

The Association has a twenty-year lease, for its current premises, with the City of Prince George. The lease expires in 2025, and lease payments are \$1,000 per annum. The fair value of the lease payments cannot be reasonably determined.



**PRINCE GEORGE REGIONAL ART GALLERY ASSOCIATION**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended December 31, 2023**

**13. REGIONAL DISTRICT OF FRASER FORT GEORGE GRANT REVENUE CLASSIFICATION SUMMARY**

	<b>2023</b>	<b>2023</b>	<b>2022</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
	<b>(unaudited)</b>		
	<b>(Note 18)</b>		
<b>Regional District of Fraser Fort George</b>			
General Operations	\$ 501,200	\$ 501,200	\$ 461,000
Educational Programming Outreach			
Grant (Schedule 1)	25,000	25,000	32,000
Exhibition Outreach Grant (Schedule 2)	25,000	25,000	27,000
	<u>\$ 551,200</u>	<u>\$ 551,200</u>	<u>\$ 520,000</u>

**14. FEDERAL GOVERNMENT GRANT REVENUE CLASSIFICATION SUMMARY**

	<b>2023</b>	<b>2023</b>	<b>2022</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
	<b>(unaudited)</b>		
	<b>(Note 18)</b>		
<b>Federal Government Grants</b>			
Canadian Heritage	\$ -	\$ -	\$ 100,000
Educational Programming Grants (Schedule 1)			
NSERC	-	-	-
Building Communities Through Local Festivals	-	-	-
Canadian Museums Association YCWHO	24,300	16,810	11,992
Canada Summer Jobs	8,100	5,104	10,625
	<u>32,400</u>	<u>21,914</u>	<u>22,617</u>
Exhibition Grants (Schedule 2)			
Canadian Museums Association YCWBOL	5,000	10,948	4,407
Other Exhibition Grants	-	-	-
Education Centre College	-	-	5,201
	<u>5,000</u>	<u>10,948</u>	<u>9,608</u>
	<u>\$ 37,400</u>	<u>\$ 32,862</u>	<u>\$ 132,225</u>

**PRINCE GEORGE REGIONAL ART GALLERY ASSOCIATION**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended December 31, 2023**

**15. BC ARTS COUNCIL GRANT REVENUE CLASSIFICATION SUMMARY**

	<u>2023</u> <u>Budget</u> <u>(unaudited)</u> <u>(Note 18)</u>	<u>2023</u> <u>Actual</u>	<u>2022</u> <u>Actual</u>
<b>BC Arts Council</b>			
BC Arts Council - Operating Grant	\$ 80,000	\$ 77,000	\$ 102,000
Educational Programming Grants (Schedule 1)			
Arts and Culture Resiliency	-	-	-
Enhanced Capacity	-	-	4,468
Arts Based Community Development	-	-	-
	<u>\$ 80,000</u>	<u>\$ 77,000</u>	<u>\$ 106,468</u>

**16. OTHER EDUCATIONAL GRANT REVENUE CLASSIFICATION SUMMARY**

	<u>2023</u> <u>Budget</u> <u>(unaudited)</u> <u>(Note 18)</u>	<u>2023</u> <u>Actual</u>	<u>2022</u> <u>Actual</u>
<b>Other Educational Grants</b>			
Educational Programming Grants (Schedule 1)			
City of Prince George	\$ -	\$ -	\$ 6,000
Miscellaneous	18,000	11,092	129
Prince George Community Foundation	-	-	-
BC Museums	-	-	-
Community Art Days	25,000	25,790	19,905
	<u>\$ 43,000</u>	<u>\$ 36,882</u>	<u>\$ 26,034</u>

**17. FINANCIAL INSTRUMENTS**

Risks and Concentrations

The Association is exposed to various risks through its financial instruments, without being exposed to concentrations of risks. The following analysis provides a measure of the Association's risk exposure as at December 31, 2023.

Credit Risk

The Association is exposed to credit risk on the accounts receivable from its members. Management deems this risk to be minimal.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty meeting obligations associated with financial liabilities. The Association is exposed to liquidity risk mainly in respect of its accounts payable.

**PRINCE GEORGE REGIONAL ART GALLERY ASSOCIATION**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended December 31, 2023**

**17. FINANCIAL INSTRUMENTS, continued**

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Board is exposed to other price risk, currency risk and interest risk.

Currency risk

The Association's investments are all quoted in Canadian dollars. However, the Board is subject to foreign exchange risk to the extent that the underlying investments themselves are invested in financial instruments quoted in a currency different than Canadian dollars and are not or only partially hedged against foreign exchange fluctuations by the respective investment manager. Management deems this risk to be minimal.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Association is exposed to interest rate risk on its fixed interest rate financial instruments. Fixed-interest instruments subject the Board to a fair value risk, since fair value fluctuates inversely to changes in market interest rates. Management deems this risk to be minimal.

Other price risk

Other price risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting all similar financial instruments traded in the market. The Association is exposed to other price risk through its investments in listed shares for which the value fluctuates with quoted market price. Management deems this risk to be minimal.

**18. BUDGETS**

Budgets have been prepared by management, approved by the board, but were not subject to audit or review.

**19. RELATED PARTY TRANSACTIONS**

During the year, fees of \$735 (2022 - \$1,713) were paid to board members. The fees were comprised of photography fees of \$735 (2022 - \$1,713).

The transactions occur in the normal course of operations and are at the exchange amount, which the amount of consideration agreed to by the related parties.

**PRINCE GEORGE REGIONAL ART GALLERY ASSOCIATION**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended December 31, 2023**

**20. REMUNERATION OF DIRECTORS, EMPLOYEES AND CONTRACTORS**

Remuneration of Directors

Remuneration in the form of consignment, exhibition and teaching fees paid to elected directors during the year ended December 31, 2023 was \$735 (2022 - \$1,713).

Top Ten Employee and Contractor Compensation

One employee (2022 – one employee) received compensation including benefits in excess of \$75,000 per individual for the year ended December 31, 2023. Their total compensation for the year ended December 31, 2023 was \$90,704 (2022 - \$101,438).

**21. INTERFUND TRANSFER**

During the year, a transfer of \$nil (2022 - \$42,100) was made from the Unrestricted fund to the Investment in Tangible Capital Assets fund for assets purchased.

PRINCE GEORGE REGIONAL ART GALLERY ASSOCIATION

Schedule 1

SCHEDULE OF EDUCATION PROGRAMMING

For the year ended December 31, 2023

	<b>2023</b> <b>Budget</b> <b>(unaudited)</b> <b>(Note 18)</b>	<b>2023</b> <b>Actual</b>	<b>2022</b> <b>Actual</b>
<b>REVENUE</b>			
<b>EDUCATIONAL PROGRAMMING GRANTS</b>			
Other Educational Grants (Note 16)	\$ 43,000	\$ 36,882	\$ 26,034
Regional District of Fraser Fort George (Note 13)	25,000	25,000	32,000
Federal Government of Canada Grants (Note 14)	32,400	21,914	22,617
BC Arts Council (Note 15)	-	-	4,468
	<u>100,400</u>	<u>83,796</u>	<u>85,119</u>
<b>EDUCATIONAL PROGRAMING REVENUE</b>			
Children and Youth Programs	115,798	82,027	76,264
Art Heals Program	29,208	27,723	28,441
Adult Studio Programs	9,300	9,535	7,875
Sponsors	5,000	2,680	15,410
Sunday Open Studio	1,200	956	467
Families	7,520	-	-
Partner Programs	2,360	-	31,060
Special Events	-	-	275
	<u>170,386</u>	<u>122,921</u>	<u>159,792</u>
	<u>270,786</u>	<u>206,717</u>	<u>244,911</u>
<b>EXPENSES</b>			
Wages	151,140	148,035	197,460
Youth Programs	50,807	35,843	46,302
Outreach Programs	7,500	10,170	14,441
Adult Studio Program	4,156	6,493	3,944
Art Heals Program	6,120	5,966	3,765
Miscellaneous	8,800	3,684	11,543
Sunday Open Studio	1,800	1,232	645
Good trouble	4,668	751	-
Maker Lab	-	-	5,247
Partner Program	-	-	14,767
	<u>234,991</u>	<u>212,174</u>	<u>298,114</u>
<b>EXCESS EXPENSES</b>	<u>\$ 35,795</u>	<u>\$ (5,457)</u>	<u>\$ (53,203)</u>

See notes to the financial statements.

## PRINCE GEORGE REGIONAL ART GALLERY ASSOCIATION

## SCHEDULE OF EXHIBITION PROGRAMMING

For the year ended December 31, 2023

	<b>2023</b>	<b>2023</b>	<b>2022</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
	<b>(unaudited)</b>		
	<b>(Note 18)</b>		
<b>REVENUE</b>			
<b>EXHIBITION PROGRAMMING GRANTS</b>			
Canada Council	\$ 55,000	\$ 62,000	\$ 59,000
Regional District of Fraser Fort George (Note 13)	25,000	25,000	27,000
Federal Government of Canada Grants (Note 14)	5,000	10,948	9,608
	<u>85,000</u>	<u>97,948</u>	<u>95,608</u>
<b>EXHIBITION PROGRAMMING REVENUE</b>			
Donations - Permanent Collection	-	34,350	9,550
Exhibition Sponsors	8,000	640	500
Catalogue Sales	1,200	244	2,607
Acquisitions	-	100	10,793
	<u>9,200</u>	<u>35,334</u>	<u>23,450</u>
	<u>94,200</u>	<u>133,282</u>	<u>119,058</u>
<b>EXPENSES</b>			
Wages	164,000	112,661	151,099
Exhibition Production	38,000	42,719	56,667
Donations to Permanent Collection (Note 6)	-	34,350	9,550
Artist Exhibition Fees	31,484	27,495	32,034
Travelling Exhibitions	24,126	24,426	28,528
Touring	9,000	8,197	1,660
Permanent Collection	6,240	6,833	29,895
Visiting Artist Expense	11,840	5,641	14,619
Receptions and Hospitality	4,000	4,937	6,020
Galleria	7,065	4,599	3,142
Lectures and Talks	2,610	3,381	9,475
Insurance	4,200	1,860	587
Catalogues and Overviews	-	1,240	19,351
Acquisitions (Note 6)	-	1,122	6,000
Security	-	70	-
Curatorial Travel and Mileage	4,500	1	558
Advertising	-	-	369
	<u>307,065</u>	<u>279,532</u>	<u>369,554</u>
<b>EXCESS EXPENSES</b>	<u>\$ (212,865)</u>	<u>\$ (146,250)</u>	<u>\$ (250,496)</u>

See notes to the financial statements.

PRINCE GEORGE REGIONAL ART GALLERY ASSOCIATION

Schedule 3

SCHEDULE OF DEVELOPMENT

For the year ended December 31, 2023

	<b>2023</b>	<b>2023</b>	<b>2022</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
	<b>(unaudited)</b>		
	<b>(Note 18)</b>		
<b>REVENUES</b>			
Facility Rental	\$ 31,500	\$ 24,993	\$ 3,082
Memberships	4,000	5,858	3,224
Donations	4,800	4,240	3,821
Federal and Provincial Sales Tax Recoveries	1,560	1,980	1,756
Annual Campaign	5,000	1,130	1,643
Interest	840	814	796
Endowment Fund Revenue	-	-	11,602
Hospitality	-	-	4
Fundraising Events	35,500	(4,900)	10,267
	<u>83,200</u>	<u>34,115</u>	<u>36,195</u>
<b>EXPENSES</b>			
Marketing	58,500	67,027	63,644
Miscellaneous	40,800	17,291	6,670
Donations	-	-	15,039
Fundraising	-	-	143
Hospitality	-	-	480
	<u>99,300</u>	<u>84,318</u>	<u>85,976</u>
<b>EXCESS (EXPENSES) REVENUES</b>	<u>\$ (16,100)</u>	<u>\$ (50,203)</u>	<u>\$ (49,781)</u>

See notes to the financial statements.

PRINCE GEORGE REGIONAL ART GALLERY ASSOCIATION

Schedule 4

SCHEDULE OF GALLERY SHOP

For the year ended December 31, 2023

	<b>2023</b>	<b>2023</b>	<b>2022</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
	<b>(unaudited)</b>		
	<b>(Note 18)</b>		
<b>REVENUES</b>	\$ 63,375	\$ 54,475	\$ 36,718
<b>COST OF SALES</b>	38,200	41,298	22,970
<b>GROSS PROFIT (2022 - 37%; 2021 - 18%)</b>	25,175	13,177	13,748
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>			
Wages	40,290	40,290	39,778
Insurance	-	12,675	(21,355)
Shop Supplies	1,000	957	605
Artisan fair	1,000	-	-
	42,290	53,922	19,028
<b>EXCESS EXPENSES</b>	\$ (17,115)	\$ (40,745)	\$ (5,280)

See notes to the financial statements.



PRINCE GEORGE REGIONAL ART GALLERY ASSOCIATION

Schedule 5

SCHEDULE OF FACILITY RENTAL

For the year ended December 31, 2023

	<u>2023</u> Budget (unaudited) (Note 18)	<u>2023</u> Actual	<u>2022</u> Actual
<b>REVENUES</b>			
Facility Rental	\$ -	\$ -	\$ -
<b>EXPENSES</b>			
Facility Rental	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS REVENUES</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See notes to the financial statements.

PRINCE GEORGE REGIONAL ART GALLERY ASSOCIATION

Schedule 6

SCHEDULE OF ADMINISTRATIVE EXPENSES

For the year ended December 31, 2023

	<b>2023</b>	<b>2023</b>	<b>2022</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
	<b>(unaudited)</b>		
	<b>(Note 18)</b>		
<b>EXPENSES</b>			
Occupancy Costs	\$ 135,059	\$ 172,500	\$ 183,350
Bookkeeping	32,000	39,477	34,870
Security	14,400	18,267	22,329
Office and Miscellaneous	15,960	16,613	17,790
Professional Fees	10,000	14,813	9,884
Bank Charges and Interest	9,600	10,747	9,243
Insurance	8,400	9,039	8,390
Recruitment	1,000	6,869	-
Licenses and Dues	5,400	6,014	5,697
Telephone and Fax	9,600	4,962	6,808
Travel and Mileage	7,200	3,689	11,405
Training and Professional Development	10,400	2,648	9,087
Board Development	1,200	806	240
Postage	2,000	574	2,197
Meetings	600	500	1,504
Health and safety	-	99	393
Library	-	54	113
Strategic Planning	9,000	-	20,389
Equipment Rental, Repairs and Maintenance	10,330	(9,030)	10,859
	<u>\$ 282,149</u>	<u>\$ 298,641</u>	<u>\$ 354,548</u>

See notes to the financial statements.