

Dawson City Arts Society
Client Information Package
For the year ended March 31, 2024

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Dawson City Arts Society
Financial Statements
For the year ended March 31, 2024
(Unaudited)

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Independent Practitioner's Review Engagement Report

To the board of directors of Dawson City Arts Society

We have reviewed the accompanying financial statements of Dawson City Arts Society that comprise the statement of financial position as at March 31, 2024, and the statements of operations, changes in net assets and cash flows 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Basis for Qualified Conclusion

In common with many not-for-profit organizations, Dawson City Arts Society derives revenue from fundraising activities, donations, and in-kind donations, the completeness of which is not susceptible to us obtaining evidence we considered necessary for the purpose of the review. Accordingly, the evidence obtained of these revenues was limited to the amounts recorded in the records of Dawson City Arts Society. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, donations, in kind donations, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2023 and March 31, 2024, current assets as at March 31, 2023 and March 31, 2024, and net assets as at March 31, 2023 and March 31, 2024. Our review conclusion on the financial statements for the year ended March 31, 2024 was modified accordingly because of the possible effects of this limitation in scope.



Qualified Conclusion

Based on our review, except for the possible effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Dawson City Arts Society as at March 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Chartered Professional Accountants

Salmon Arm, British Columbia
TBD

Dawson City Arts Society
Statement of Financial Position
(Unaudited)

March 31	2024	2023
Assets		
Current		
Cash	\$ 46,746	\$ 82,018
Short term investments (Note 2)	14,328	46,920
Accounts receivable (Note 3)	249,776	161,595
Inventory (Note 4)	6,527	6,527
Prepaid expenses	530	7,025
	317,907	304,085
Tangible capital assets (Note 5)	879,398	827,070
	\$ 1,197,305	\$ 1,131,155
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	\$ 67,995	\$ 26,510
Deferred revenue & other long term liabilities (Note 6)	51,549	79,433
Current portion of deferred capital contributions (Note 7)	18,585	10,510
	138,129	116,453
Deferred capital contributions (Note 7)	180,212	110,796
	318,341	227,249
Net Assets		
Invested in tangible capital assets	682,106	707,270
Internally restricted	20,070	-
Unrestricted	176,788	196,636
	878,964	903,906
	\$ 1,197,305	\$ 1,131,155

On behalf of the Board:

_____ Director

_____ Director

Dawson City Arts Society
Statement of Changes in Net Assets
(Unaudited)

For the year ended March 31	Invested in tangible capital assets	Internally Restricted	Unrestricted	2024 Total	2023 Total
Balance, beginning of the year	\$ 707,270	\$ -	\$ 196,636	\$ 903,906	\$ 1,003,861
Excess (deficiency) of revenues over expenses	(44,002)	-	19,060	(24,942)	(99,955)
Investment in tangible capital assets	112,130	-	(112,130)	-	-
Deferred capital contributions	(93,292)	-	93,292	-	-
Inter-fund transfer	-	20,070	(20,070)	-	-
Balance, end of the year	\$ 682,106	\$ 20,070	\$ 176,788	\$ 878,964	\$ 903,906

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

Dawson City Arts Society
Statement of Operations
(Unaudited)

For the year ended March 31	2024	2023
Revenue		
Amortization of deferred contributions	\$ 15,801	\$ 12,531
Course tuition and materials	4,696	12,329
Donation - general	61,058	48,656
Federal grants (Schedule 2)	209,887	241,984
Fundraising	37,246	29,193
Gallery sales	1,035	690
Interest income	2,408	284
Membership and registrations	2,630	2,677
Municipal grants (Schedule 2)	9,100	3,000
Other grants (Schedule 2)	2,512	3,658
Other income	1,820	2,455
Programs	63,468	238,085
Rental	7,316	6,561
Yukon Government grants (Schedule 2)	539,386	479,142
	<u>958,363</u>	<u>1,081,245</u>
Expenses		
Advertising and promotion	5,314	5,103
Amortization	59,803	124,294
Bank charges	2,461	5,341
Bookkeeping	34,872	30,276
Course materials	7,758	8,896
Dues and memberships	1,507	2,740
Fundraising	20,329	14,252
Insurance	24,925	40,996
Office	10,939	9,807
Other operating	9,595	6,752
Professional fees	18,408	10,049
Property taxes	17,449	16,633
Repairs and maintenance	35,062	41,291
Sales related expenses	840	385
Special programs	556,482	700,938
Travel, training and meetings	1,753	5,916
Utilities	39,321	57,570
Wages and benefits	136,487	99,961
	<u>983,305</u>	<u>1,181,200</u>
Deficiency of revenues over expenses	<u>\$ (24,942)</u>	<u>\$ (99,955)</u>

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

Dawson City Arts Society
Statement of Cash Flows
(Unaudited)

For the year ended March 31	2024	2023
Cash flows from operating activities		
Cash receipts from customers	\$ 63,203	\$ 305,771
Cash receipts from government grants	760,885	727,784
Cash paid to suppliers and employees	(875,522)	(1,062,161)
Interest received	2,408	284
	<u>(49,026)</u>	<u>(28,322)</u>
Cash flows from investing activities		
Net change in short term investments	32,592	5,716
Purchase of tangible capital assets	(112,130)	(7,362)
Capital contribution received	93,292	-
	<u>13,754</u>	<u>(1,646)</u>
Cash flows from financing activities		
Repayment of capital lease obligation	-	(2,205)
Net decrease in cash	(35,272)	(32,173)
Cash, beginning of the year	82,018	114,191
Cash, end of the year	<u>\$ 46,746</u>	<u>\$ 82,018</u>

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

Dawson City Arts Society
Notes to Financial Statements
(Unaudited)

March 31, 2024

1. Significant Accounting Policies

Nature and Purpose of Organization	<p>Dawson City Arts Society (the "Society") is a not-for-profit organization incorporated without share capital under the laws of the Yukon Territory. The Society's mandate is to enrich the social, cultural and economic well-being of Dawson City and the Yukon through the advancement of the arts and other cultural programming.</p> <p>The Society is a registered charity under the Income Tax Act, and, as such, is exempt from income tax under section 149(1)(F) and may issue income tax receipts to donors.</p>
Basis of Accounting	<p>The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.</p>
Revenue Recognition	<p>The Society follows the deferral method of accounting for contributions.</p> <p>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.</p> <p>Program and service revenues are recognized as programs and services are rendered, the price is fixed or determinable and collectibility is reasonably assured.</p> <p>Endowment contributions are recognized as direct increases in net assets.</p> <p>Restricted net investment income is recognized as revenue in the year in which the related expenses are incurred. Restricted net investment income that must be added to the principal amount of resources held for endowment is recognized as a direct increase in net assets. Unrestricted net investment income is recognized as revenue when earned.</p>
Short Term Investments	<p>Short term investments are stated at fair value. Changes in fair value are recorded through the statement of operations.</p>
Inventory	<p>Inventory includes 7.5 ounces of raw gold that have been contributed to the Society. Contributed inventory is recorded at its fair value at the date of contribution.</p>

Dawson City Arts Society
Notes to Financial Statements
(Unaudited)

March 31, 2024

1. Significant Accounting Policies (continued)

Tangible Capital Assets Tangible capital assets are stated at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution, unless fair value is not determinable in which case contributed capital assets are recorded at nominal value at the date of contribution. Contributed capital assets are subsequently amortized. Betterments that extend the useful life of the asset are capitalized.

Amortization is calculated based on the estimated useful life of the asset as follows:

	Method	Rate
Building	Declining balance	4%
Fixtures and equipment	Declining balance	20%
Library and collections	Declining balance	20%
Computer equipment	Declining balance	30%
Leasehold improvements	Straight-line	16-19 years

When a capital asset is disposed of, the difference between the net proceeds on disposition and the net carrying amount is recognized in the statement of operations. Any unamortized deferred contribution amount related to the capital asset disposed of is recognized in revenue in the statement of operations, provided that all restrictions have been complied with.

Deferred Revenue The Society has entered into agreements where the services to be performed extends beyond year end. For these agreements, the Society records an obligation and recognizes revenue over the period of the agreement as the services are rendered.

Deferred Contributions Deferred contributions related to capital assets are amortized to revenue on the same basis as the related capital assets.

In-Kind Contributions Contributed assets and materials which are used in the normal course of the Society's operations and would otherwise have been purchased are recorded at their fair value at the date of contribution if fair value can be reasonably estimated.

Contributed Services Volunteers contribute many hours per year to assist the Society in carrying out its activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Dawson City Arts Society
Notes to Financial Statements
(Unaudited)

March 31, 2024

1. Significant Accounting Policies (continued)

Financial Instruments Financial Instruments are recorded at fair value at initial recognition.

In subsequent periods, equities traded in an active market are reported at fair value, with any change in fair value reported in income. All other financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.

Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.

Use of Estimates The preparation of financial statements in accordance 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. Actual results could differ from management's best estimates as additional information becomes available in the future. Significant estimates include the useful life of capital assets and completeness of accounts payable and accrued liabilities.

Dawson City Arts Society
Notes to Financial Statements
(Unaudited)

March 31, 2024

2. Short Term Investments

The investment consists of 1,433 units (2023 - 4,692) of CIBC Canadian T-Bill Fund Premium Class held with CIBC Securities Inc. with a market value of \$14,328 (2023 - \$46,920). It is quoted in an active market and this amount represents the fair value of the investment. These funds earn a 4.70% (2023 - 2.81%) return.

Canada Deposit Insurance Corporation ("CDIC") protects eligible deposits at member institutions to a maximum of \$100,000 of eligible deposits at member financial institutions in case of their failure. CIBC Securities Inc. is not a member of the CDIC and so funds are not insured. There has been no change in the risk of this investment from prior years.

3. Accounts Receivable

	2024	2023
Grants receivable	\$ 242,319	\$ 159,261
GST	1,892	1,933
Trade	5,565	401
	<u>\$ 249,776</u>	<u>\$ 161,595</u>

4. Inventory

Inventory consists 7.5 ounces of raw gold and is recorded at the value when it was received of \$6,527. There has been no impairment on the value of the inventory.

Dawson City Arts Society
Notes to Financial Statements
(Unaudited)

March 31, 2024

5. Tangible Capital Assets

	2024		2023	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Fixtures and equipment	\$ 426,779	\$ 329,044	\$ 379,480	\$ 304,611
Building	1,412,947	639,036	1,348,366	606,790
Leasehold improvements	1,648,458	1,648,456	1,648,458	1,648,457
Library	4,063	4,018	4,063	4,007
Collections	3,994	2,917	3,744	2,646
Computer equipment	75,856	69,228	75,856	66,386
	<u>\$ 3,572,097</u>	<u>\$ 2,692,699</u>	<u>\$ 3,459,967</u>	<u>\$ 2,632,897</u>
Net book value		<u>\$ 879,398</u>		<u>\$ 827,070</u>

Dawson City Arts Society
Notes to Financial Statements
(Unaudited)

March 31, 2024

6. Deferred Revenue and Other Long Term Liabilities

Deferred revenue represents funding received in the current period that is related to expenses of a subsequent period. Donations and fundraising were allocated to the reservation fund as they relate to a fundraising campaign with all proceeds designated for future expenses related to the Society's building. Changes in deferred revenue balances and the reservation fund are as follows:

	March 31, 2023	Funding Received	Transfer to capital contributions	Revenue Recognized	March 31, 2024
Federal Grants					
Community Foundation of Canada	\$ -	\$ 19,588	\$ -	\$ -	\$ 19,588
Heritage Canada	-	2,900	-	-	2,900
Telefilm Canada	12,500	-	-	12,500	-
	<u>12,500</u>	<u>22,488</u>	<u>-</u>	<u>12,500</u>	<u>22,488</u>
Yukon Government Grants					
Yukon Community Development Fund	19,585	-	19,585	-	-
Yukon Volunteer Society	-	4,489	-	-	4,489
	<u>19,585</u>	<u>4,489</u>	<u>19,585</u>	<u>-</u>	<u>4,489</u>
Other Deferred Funds					
Art Festival June 2024 Building Reservation Fund	-	2,288	-	-	2,288
DC General Store Donation	41,034	-	24,364	-	16,670
Performing Arts	-	500	-	-	500
	6,314	-	-	1,200	5,114
	<u>47,348</u>	<u>2,788</u>	<u>24,364</u>	<u>1,200</u>	<u>24,572</u>
	<u>\$ 79,433</u>	<u>\$ 29,765</u>	<u>\$ 43,949</u>	<u>\$ 13,700</u>	<u>\$ 51,549</u>

Dawson City Arts Society
Notes to Financial Statements
(Unaudited)

March 31, 2024

7. Deferred Contributions Related to Capital Assets

Deferred contributions related to capital assets represent the unamortized portion of contributed capital assets and restricted contributions used to purchase capital assets. The changes in the deferred contributions balance for the period are as follows:

	2024	2023
Beginning balance	\$ 121,306	\$ 133,837
Add: restricted contributions related to capital assets	93,292	-
Less: amounts amortized to revenue	(15,801)	(12,531)
	\$ 198,797	\$ 121,306
Less: current portion	(18,585)	(10,510)
Ending Balance	\$ 180,212	\$ 110,796

8. Economic Dependence

Approximately 80% (2023 - 67%) of the society's funding recorded as revenue is derived from government grants. Should this funding be substantially curtailed, the ongoing viability of the society would be significantly affected.

9. Commitments

The society has entered into a lease with the Yukon Government to rent the old liquor store building until 2043. The lease is payable on the first day of each year and is valued at \$1 per year.

10. Financial Instruments

The Society is exposed to risks that arise from its use of financial instruments. This note describes the Society's objectives, policies and processes for managing those risks.

There have been no substantive changes in the Society's exposure to financial instruments risks or its objectives, policies and processes for managing those risks from previous periods unless otherwise stated in this note.

Dawson City Arts Society
Notes to Financial Statements
(Unaudited)

March 31, 2024

10. Financial Instruments (continued)

General Objectives, Policies, and Processes

Principal Financial Instruments

The principal financial instruments used by the Society, from which financial instrument risk arises, are as follows:

- short-term investments;
- accounts payable and accrued liabilities;
- inventory

The Board has overall responsibility for the determination of the Society's risk management objectives and policies and, while retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Society's administration function. The Board receives financial statements through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Society's competitiveness and flexibility. Further details regarding these policies are set out below.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Society is exposed to credit risk principally from accounts receivable. A significant portion of the Society's accounts receivable is from low risk government entities and so exposure is limited. This risk has not changed from the prior period.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. It is the risk that the counterpart fails to discharge its obligation in this respect of the instrument. The Society manages liquidity risk through policy to ensure that they will have sufficient cash to allow it to meet its liabilities when they become due. The Society holds temporary investments in CIBC Securities funds. Amounts are transferred to/from the cash account as required to meet its financial obligations.

Dawson City Arts Society
Schedule 1 - Operating Activities
(Unaudited)

For the year ended March 31	2024	2023
Revenue		
Course tuition and materials	\$ 4,696	\$ 12,329
Donation - general	61,058	48,656
Fundraising	37,246	29,193
Gallery sales	1,035	690
Interest	2,408	284
Membership and registrations	2,630	2,677
Other income	1,820	2,455
Programs	63,468	238,085
Rental	7,316	6,561
Federal grants	209,887	241,984
Yukon Government grants	539,386	479,142
Municipal grants	9,100	3,000
Other grants	2,512	3,658
	<u>942,562</u>	<u>1,068,714</u>
Expenses		
Advertising and promotion	5,314	5,103
Bank charges	2,461	5,341
Bookkeeping	34,872	30,276
Course materials	7,758	8,896
Dues and memberships	1,507	2,740
Fundraising	20,329	14,252
Insurance	24,925	40,996
Office	10,939	9,807
Other operating	9,595	6,752
Professional fees	18,408	10,049
Property taxes	17,449	16,633
Repairs and maintenance	35,062	41,291
Sales related expenses	840	385
Special programs	556,482	700,938
Travel, training and meetings	1,753	5,916
Utilities	39,321	57,570
Wages and benefits	136,487	99,961
	<u>923,502</u>	<u>1,056,906</u>
	<u>\$ 19,060</u>	<u>\$ 11,808</u>

Dawson City Arts Society
Schedule 2 - Grant Funding
(Unaudited)

For the year ended March 31	2024	2023
Federal Grants		
Canada Arts Presentation Fund	\$ 20,000	\$ 35,000
Canada Arts Presentation Fund - Re-engaging Audiences	-	24,000
Canada Council, Core funding	76,500	76,500
Canada Council, COVID relief	-	15,300
Canada Summer Jobs	8,012	-
Canadian Heritage CACRP	-	36,000
Community Foundation of Canada	40,412	-
Cultural Human Resources Council	13,463	4,390
Grant-Digital Skills for Youth	-	10,794
Heritage Canada: Building Communities Through Arts and Heritage	29,000	30,000
Telefilm Canada	22,500	10,000
	<u>\$ 209,887</u>	<u>\$ 241,984</u>
Yukon Government grants		
Yukon Culture Quest	\$ 5,000	\$ -
Youth Developmental Asset Program	23,500	26,388
Yukon Every Student Every Day	2,000	-
Yukon Food Literacy	4,550	-
Yukon Government, Core funding	459,000	450,000
Yukon Media Development	12,836	2,754
Yukon School of Visual Arts Housing Feasibility	20,000	-
Yukon Youth Roots Funding	5,000	-
Yukon 125 Fund	7,500	-
	<u>\$ 539,386</u>	<u>\$ 479,142</u>
Municipal grants		
Community grants	\$ 9,100	\$ 3,000
Other grants		
Association Franco-Yukonnaise	\$ 2,012	\$ -
Klondike Visitors Association	-	2,000
Klondike Train Fund	-	1,658
Mass Culture DNA	500	-
	<u>\$ 2,512</u>	<u>\$ 3,658</u>