

Alberta Craft Council

Financial Statements

March 31, 2010

Alberta Craft Council

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DOYLE & COMPANY
CHARTERED ACCOUNTANTS

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AUDITORS' REPORT

To the Board of Directors of the
Alberta Craft Council

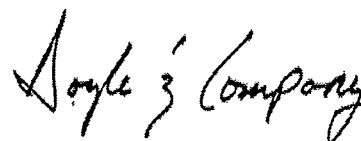
We have audited the statement of financial position of **Alberta Craft Council** as at March 31, 2010, and the statements of change in net assets, operations, and cash flow for the year then ended. These financial statements are the responsibility of management. Our responsibility is to express an opinion 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 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 non-profit organizations, Alberta Craft Council derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification was limited to the amounts recorded in the records of the Alberta Craft Council and we were not able to determine whether adjustments might be necessary to cash, revenues and excess of revenue over expenditures.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the donations, as described in the preceding paragraph, the statements of change in net assets, operations, and cash flow present fairly, in all material respects, the financial position of Alberta Craft Council as at March 31, 2010 and the results of operations of the council for the year then ended, in accordance with Canadian generally accepted accounting principles.

Edmonton, Alberta
April 21, 2010




Chartered Accountants

Alberta Craft Council
Statement of Financial Position
As at March 31, 2010

	2010	2009
	\$	\$
Current Assets		
Cash	154,900	144,385
Investments (Note 3)	170,973	181,038
Restricted funds (Note 4)	39,544	2,250
Accounts receivable	13,684	22,013
Inventory	27,632	14,286
Prepaid expenses	19,619	19,396
	426,352	383,368
Capital Assets (Note 5)	6,992	4,319
	433,344	387,687
Liabilities		
Accounts payable (Note 6)	91,405	85,758
Deferred revenue (Note 7)	59,544	42,250
	150,949	128,008
Net Assets		
Unrestricted net assets	95,403	75,360
Internally restricted net assets (Note 2a)		
Core administrative and operating cost fund	80,000	80,000
Capital fund	100,000	100,000
Equity in capital assets	6,992	4,319
	282,395	259,679
	433,344	387,687

Approved by the Board of Directors:

 Chair

 Treasurer

The accompanying notes form part of these financial statements.

Alberta Craft Council
Statement of Change in Net Assets
For the year ended March 31, 2010

	2010	2009
	\$	\$
<u>Unrestricted Net Assets</u>		
Balance, beginning of year	75,360	36,056
Excess of revenue over expenditures	22,716	57,957
Transfer from (to) equity in capital assets	(2,673)	1,347
Transfer to internally restricted net assets	-	(20,000)
Balance, end of year	95,403	75,360
<u>Internally Restricted Net Assets - Core Administrative and Operating Cost Fund</u>		
Balance, beginning of year	80,000	60,000
Transfer from equity in unrestricted net assets	-	20,000
Balance, end of year	80,000	80,000
<u>Internally Restricted Net Assets - Capital Fund</u>		
Balance, beginning of year	100,000	100,000
Balance, end of year	100,000	100,000
<u>Equity in Capital Assets</u>		
Balance, beginning of year	4,319	5,666
Capital asset additions	4,350	-
Amortization	(1,677)	(1,347)
Balance, end of year	6,992	4,319

The accompanying notes form part of these financial statements.

Alberta Craft Council
Statement of Operations
For the year ended March 31, 2010

	2010	2009
	\$	\$
Revenue		
Alberta Foundation for the Arts	230,000	234,351
Casino revenue	80,240	47,139
Craft guide	2,600	3,600
Donations and fundraisers	12,424	12,555
Grants	56,524	42,564
Industry Development Programs	-	310
Interest	2,510	4,865
Magazine advertising	4,500	4,750
Membership fees	21,010	21,848
Other revenue	1,398	2,433
Retail sales	355,560	401,551
Special projects	52,140	47,447
Website links and portfolio revenue	2,905	2,728
Revenue deferred from previous period	42,250	-
Revenue deferred to subsequent period	(59,544)	(42,250)
	804,517	783,891
Expenditures		
Member services and marketing expenditures (Schedule 1)	283,332	267,078
Gallery expenditures (Schedule 2)	127,738	83,435
Retail expenditures (Schedule 3)	370,731	375,421
	781,801	725,934
Excess of Revenue over Expenditures	22,716	57,957

The accompanying notes form part of these financial statements.

Alberta Craft Council
Statement of Cash Flows
For the year ended March 31, 2010

	2010	2009
	\$	\$
Operating Activities		
Cash received from funding agencies and other sources	799,500	786,298
Cash paid to suppliers and employees	(761,756)	(703,653)
	37,744	82,645
Investing Activities		
Increase in investments	10,065	1,840
Increase in Cash During the Year	47,809	84,485
CASH - Beginning of year	146,635	62,150
CASH - End of year	194,444	146,635
Cash is comprised of;		
Cash	154,900	144,385
Restricted cash (Note 4)	39,544	2,250
	194,444	146,635

The accompanying notes form part of these financial statements.

Alberta Craft Council
Notes to the Financial Statements
March 31, 2010

1. Purpose of the Organization

Alberta Craft Council is incorporated without share capital under the Societies Act of the Province of Alberta, is a registered Canadian charity and, as such, is exempt from income taxes under the Income Tax Act (Canada). Alberta Craft Council's mission is to promote, develop and advocate for fine craft in Alberta.

2. Significant Accounting Policies

(a) Fund Accounting

The internally restricted operating fund has been established by the Alberta Craft Council board to cover the core operating and administrative costs of the organization. The board has set aside \$80,000 as a reserve to cover approximately three months of operating expenses as recommended (and in the future required) by the Alberta Foundation for the Arts.

The board has also set aside \$100,000 as a capital fund.

(b) Amortization

Capital assets are recorded at cost and amortized annually with a corresponding reduction in Equity in Capital Assets. Assets are amortized over their expected useful life using the declining balance method at the following annual rates, except in the year of acquisition when one-half the normal rate is applied. No amortization is recorded in the year of disposal.

Computer Hardware	45%
Furniture and Equipment	20%
Software	100%

(c) Inventory

Purchased inventory is recorded at the lower of wholesale cost and net realizable value.

Donated inventory, where an official receipt has been issued, are recorded at retail value.

(d) Revenue Recognition

Alberta Craft Council 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.

The retail sales revenue is recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Donation revenue is recognized when received.

The portion of membership fees collected in a current year that provide members benefits in the following year(s) are deferred and recognized as revenue in the year the benefits are received.

Alberta Craft Council
Notes to the Financial Statements
March 31, 2010

2. Significant Accounting Policies - (continued)

(e) Financial Instruments

The financial instruments of Alberta Craft Council consist of cash, investments, restricted funds, accounts receivable and accounts payable. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest or foreign currency risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

(f) 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 amounts of assets and liabilities and disclosures of contingent 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 those estimates.

(g) Donated Services

The Alberta Craft Council benefits greatly from donated services in the form of volunteer work for various activities. The value of donated services is not recognized in the financial statements because of the difficulty of measurement.

3. Investments

Investments represent Guaranteed Investment Certificates with a range of maturity dates from April, 2010 to September, 2010 and interest rates of 0.40% to 0.60%.

4. Restricted Funds

	2010	2009
	\$	\$
Casino bank account	39,544	2,250

These funds can only be used for purposes approved by the Alberta Gaming and Liquor Commission, an agent of the Government of Alberta.

Alberta Craft Council
Notes to the Financial Statements
March 31, 2010

5. Capital Assets

	2010		2009	
	Cost \$	Accumulated Amortization \$	Net Book Value \$	Net Book Value \$
Computer hardware	5,498	3,691	1,807	534
Computer software	2,283	2,283	-	-
Furniture and equipment	9,817	4,632	5,185	3,785
	17,598	10,606	6,992	4,319

6. Accounts Payable

	2010 \$	2009 \$
Trade	13,039	13,075
Commissions	45,576	41,269
Vacation	9,287	8,261
Accrued Liabilities		
Advertisements	238	363
Craft Guide	-	2,025
Membership Fees	11,030	9,980
Retail - Credit Notes and Gift Certificates	11,252	9,862
Web Links	983	923
	91,405	85,758

7. Deferred Revenue

The following externally restricted funds have been deferred and will be recognized as revenue in the year which the related expenses are incurred.

	2010 \$	2009 \$
Casino Funds	39,544	2,250
Alberta Foundation for the Arts - grant for Cheongju	-	40,000
Alberta Foundation for the Arts - clay 2010 exhibition	20,000	-
	59,544	42,250

Alberta Craft Council
Notes to the Financial Statements
March 31, 2010

8. Lease Commitment

Management has entered into an operating lease for the premises for a term of five (5) years from June 1, 2010 to May 31, 2015. The organization is committed to annual future minimum lease payments under the lease as follows:

2011	35,000
2012	42,000
2013	44,500
2014	49,167
2015 and after	58,333
	<hr/> 229,000 <hr/>

Alberta Craft Council

Schedule 1 - Member Services and Marketing Expenditures

For the Year Ended March 31, 2010

	2010	2009
	\$	\$
Expenditures		
Advertising and promotion	1,020	1,318
Amortization	406	295
Awards	5,025	3,794
Bank charges and interest	1,763	1,956
Consulting	-	2,662
Craft guide	1,357	1,721
Fundraising expenses	3,194	2,774
Furniture and equipment	5,987	4,140
Insurance	2,820	3,341
Magazine	24,671	23,258
Maintenance and improvements	288	422
Membership fees and dues	2,210	2,286
Office supplies, courier, postage	11,891	7,940
Other expenses	4,105	1,627
Publications	363	686
Professional fees	4,889	4,500
Rent	7,856	8,045
Special projects	500	5,328
Telephone	5,143	5,366
Travel and meetings	7,581	11,137
Utilities	2,116	2,509
Wages and employee benefits	174,129	161,429
Website	16,018	10,544
	283,332	267,078

The accompanying notes form part of these financial statements.

Alberta Craft Council
Schedule 2 - Gallery Expenditures
For the Year Ended March 31, 2010

	2010	2009
	\$	\$
Expenditures		
Advertising and promotion	15,545	10,942
Amortization	1,118	858
Consulting	4,516	-
Exhibit and curator fees	-	5,250
Furniture and equipment	1,262	861
Insurance	1,153	1,158
Maintenance and improvements	2,277	563
Office supplies, courier, postage	2,823	4,739
Publications	147	-
Shrinkage (damaged and stolen)	-	1,139
Rent	17,595	17,611
Special projects	46,680	3,038
Telephone	1,734	1,886
Travel and meetings	944	511
Utilities	3,275	4,152
Wages and employee benefits	28,417	25,327
Website	252	5,400
	127,738	83,435

The accompanying notes form part of these financial statements.

Alberta Craft Council
Schedule 3 - Retail Expenditures
For the Year Ended March 31, 2010

	2010	2009
	\$	\$
Expenditures		
Advertising and promotion	9,355	7,181
Amortization	153	194
Bank charges	6,014	6,631
Commissions to consignors	220,010	249,763
Cost of goods sold	224	358
Furniture and equipment	750	1,208
Insurance	2,307	2,248
Maintenance and improvements	2,265	2,321
Membership fees and dues	185	175
Office supplies, courier, postage	2,126	2,163
Other expenses	192	120
Packaging	3,180	4,914
Rent	13,704	13,815
Special projects	14,641	-
Shrinkage (damaged and stolen)	1,710	393
Telephone	1,733	1,886
Travel and meetings	235	-
Utilities	3,005	3,191
Wages and employee benefits	88,942	78,860
	370,731	375,421

The accompanying notes form part of these financial statements.

Alberta Craft Council

Schedule 4 - Building Operations and Maintenance

For the Year Ended March 31, 2010

	2010
	\$
Expenditures	
Cleaning services	864
Insurance	4,614
Maintenance interior	2,649
Maintenance exterior	400
Rent	39,495
Security	1,389
Utilities	8,396
	<hr/>
	57,807

The accompanying notes form part of these financial statements.