

YUKON ART SOCIETY
FINANCIAL STATEMENTS

March 31, 2023
(Unaudited)

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the board of directors of Yukon Art Society

We have reviewed the accompanying financial statements of Yukon Art Society that comprise the statement of financial position as at March 31, 2023, and the statements of operations and 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.

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT, continued

Basis for qualified conclusion

The comparative statement of financial position as at March 31, 2022 and the opening balances for April 1, 2021, and the statements of operations, changes in net assets, and cash flows for the year ended March 31, 2022 were not reviewed or audited. As the assets and liabilities of Yukon Art Society as at April 1, 2021 affect the amounts recorded as revenues and expenses for the year ended March 31, 2023 and 2022, we were unable to determine whether any adjustments might have been found necessary to the comparative years' assets, liabilities, net assets, and revenue and expenses. Additionally, we were unable to determine the value of inventory at March 31, 2023 and the effects, if any, to cost of sales, sales and net assets.

Qualified conclusion

Based on our review, except for the 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 Yukon Art Society as at March 31, 2023, 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.

Other matter

The financial statements of Yukon Art Society for the year ended March 31, 2022 were neither audited nor reviewed. Prior year figures have been included with these financial statements for comparative purposes only.

A handwritten signature in cursive script that reads "M. McKay & Associates". The signature is written in dark ink and is positioned above the printed name of the firm.

M. McKay & Associates Ltd.
Chartered Professional Accountants

Whitehorse, Yukon
November 21, 2023

YUKON ART SOCIETY
STATEMENT OF OPERATIONS
AND CHANGES IN NET ASSETS
(Unaudited)
For the year ended March 31, 2023

	2023	2022
REVENUES		
Yukon Government Funding	\$ 239,075	\$ 267,959
In-kind Contributions (note 5)	98,177	97,395
Art Supplies Sales	54,058	63,441
Workshop Fees	48,543	21,339
Art Sales Commission	15,656	26,392
Membership Fees	6,793	6,083
Other Funding	6,327	2,202
Facility Rental	144	5,204
	468,773	490,015
EXPENSES		
Wages and benefits	170,901	189,431
Contract service	102,918	109,269
Rent	90,000	90,000
Supplies	35,614	53,156
Advertising and promotion	22,152	11,809
Travel and accommodation	16,862	16,807
Accounting and legal	19,737	7,665
Amortization	12,618	3,126
POS Fees	10,050	-
Office	7,446	6,067
Telephone and utilities	3,933	5,310
Postage and courier	2,551	426
Interest and bank charges	1,288	4,411
Repairs and maintenance	1,146	674
Insurance	765	1,404
Cleaning supplies	681	1,471
Members payment	129	8,838
Miscellaneous	866	181
	499,657	510,045
DEFICIENCY OF REVENUES OVER EXPENSES	(30,884)	(20,030)
Balance, beginning of year	107,303	127,333
Balance, end of year	\$ 76,419	\$ 107,303

See accompanying notes to the financial statements

YUKON ART SOCIETY
STATEMENT OF FINANCIAL POSITION
(Unaudited)
March 31, 2023

	ASSETS	
	<u>2023</u>	<u>2022</u>
CURRENT		
Cash	\$ 13,595	\$ 61,347
Contributions receivable	38,844	6,407
Inventory	26,880	27,520
Prepaid expenses	317	-
	<u>79,636</u>	<u>95,274</u>
PROPERTY, PLANT AND EQUIPMENT (note 4)	<u>34,198</u>	<u>42,862</u>
	<u><u>\$ 113,834</u></u>	<u><u>\$ 138,136</u></u>
	LIABILITIES	
CURRENT		
Accounts payable and accrued liabilities	\$ 17,509	\$ 3,093
Payroll liabilities	1,457	9,275
Deferred revenue and Gift certificates	14,762	17,127
Deposits	230	230
GST payable	3,457	1,108
	<u>37,415</u>	<u>30,833</u>
	NET ASSETS	
Net Assets	<u>76,419</u>	<u>107,303</u>
	<u><u>\$ 113,834</u></u>	<u><u>\$ 138,136</u></u>

Approved on behalf of the Board:

_____ Member

_____ Member

See accompanying notes to the financial statements

4.
M. McKay & Associates Ltd.
Chartered Professional Accountants

YUKON ART SOCIETY
STATEMENT OF CASH FLOWS
(Unaudited)
For the year ended March 31, 2023

	2023	2022
OPERATING ACTIVITIES		
Cash receipts from customers and funders	\$ 430,017	\$ 500,965
Cash paid to suppliers and employees	(477,769)	(520,963)
Cash flow to operating activities	(47,752)	(19,998)
INVESTING ACTIVITIES	-	-
FINANCING ACTIVITIES	-	-
NET DECREASE IN CASH	(47,752)	(19,998)
CASH, beginning of year	61,347	81,345
CASH, end of year	\$ 13,595	\$ 61,347

See accompanying notes to the financial statements

YUKON ART SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
(Unaudited)
March 31, 2023

1. Nature of operations

Yukon Art Society was founded in April of 1970. Not only is it the oldest visual arts organization in the Yukon, but with a membership of around 150 members, it is the largest. The size and longevity of YAS can be explained in part by our inclusiveness policy. Any visual artist, at any stage of development, working in any medium, is welcome to become a member of YAS.

2. Significant accounting policies

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

(a) Revenue recognition

The society follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable when the amount to be received can be reasonably estimated and collection is reasonably assured.

(b) Property, plant and equipment

Property, plant and equipment are recorded at cost. The society provides for amortization using the declining balance method at rates designed to amortize the cost of the property, plant and equipment over their estimated useful lives. The annual amortization rates are as follows:

Equipment	20%
Computer equipment	50%

(c) Inventory

Inventory, consisting of arts supplies, is valued at the lower of cost and net realizable value. Cost is determined using the average cost method.

(d) Donation-In-Kind

Donation-in-kind recorded at the fair value of the assets transferred or services received.

Donation-in-kind includes rent donated for the space that Yukon Art Society uses to conduct their day-to-day operations. It is recorded as revenue and subsequently expensed as rent.

(e) Cash

Cash consists of balances with financial institutions.

(f) Deferred revenue

Deferred revenue consists of restricted contributions received or receivable at year-end but not fully used during the year. It also includes gift cards.

YUKON ART SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
(Unaudited)
March 31, 2023

2. Significant accounting policies, continued

(g) **Income taxes**

Yukon Art Society is a registered society and under the Income Tax Act and therefore, is not subjected to either federal or territorial income taxes.

(h) **Management estimates**

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(i) **Related parties**

Related party transactions are in the normal course of operations and have been measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

3. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) **Credit risk**

The society does have credit risk in contributions receivable \$38,844 (2022-\$6,407). Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The society reduces its exposure to credit risk by not accepting any credit sales and entering funding agreements with funders. In the opinion of management the credit risk exposure to the society is low and is not material.

(b) **Concentration risk**

The society does have concentration risk. Concentration risk is the risk that a customer has more than ten percent of the total accounts receivable balance and thus there is a higher risk to the business in the event of a default by one of these customers. Concentrations of credit risk relates to groups of counterparties that have similar economic or industry characteristics that cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. At March 31, 2023, receivables from 1 customers comprised approximately 100% of the total outstanding receivables. The society reduces this risk by compliance with the funding agreements and reporting requirements under the agreement. In the opinion of management the concentration risk exposure to the society that is associated with their customers is low and is not material.

YUKON ART SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
(Unaudited)
March 31, 2023

3. Financial instruments, continued

(c) Liquidity risk

The society does have a liquidity risk in the accounts payable and accrued liabilities of \$17,509 (2022-\$3,093). Liquidity risk is the risk that the society cannot repay its obligations when they become due to its creditors. The society reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due. In the opinion of management the liquidity risk exposure to the society low and is not material.

4. Property, plant and equipment

	2023		2022	
	Cost	Accumulated amortization	Net	Net
Equipment	\$ 52,005	\$ 23,891	\$ 28,114	\$ 30,693
Computer equipment	19,050	12,966	6,084	12,169
	\$ 71,055	\$ 36,857	\$ 34,198	\$ 42,862

5. In-kind Contributions

	2023		2022	
Rent In-kind	\$ 90,000		\$ 90,000	
Sponsorship In-kind	8,177		7,395	
	\$ 98,177		\$ 97,395	

6. Lease commitments

The rental agreement between Yukon Art Society and Hougen's Group is going forward on a month-to-month agreement.

7. Economic dependence

The society receives a significant amount of its revenue through a funding agreement from Yukon Government and a large in-kind donation for its rent from Hougen's. The society's continued operations are dependent on this funding agreement and on satisfying the terms of the agreement.