

PEI Cultural Human Resource Sector Council Inc.

Financial Statements
March 31, 2013



June 10, 2013

Independent Auditor's Report

To the Board of Directors of PEI Cultural Human Resource Sector Council Inc.

We have audited the accompanying financial statements of **PEI Cultural Human Resource Sector Council Inc.**, which comprise the statement of financial positions as at March 31, 2013, March 30, 2012 and April 1, 2011, and the statements of operations, changes in net assets and cash flows for the years ended March 31, 2013 and March 30, 2012, 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 in our audit is sufficient and appropriate to provide a basis for our qualified audit opinion.

Qualified Opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of **PEI Cultural Human Resource Sector Council Inc.** as at March 31, 2013, March 31, 2012 and April 1, 2011 and the results of its operations and its cash flows for the years ended March 31, 2013 and March 31, 2012 in accordance with Canadian accounting standards for not-for-profit organizations.

Arsenault Best Cameron Ellis

Chartered Accountants

PEI Cultural Human Resource Sector Council Inc.

Statement of Financial Positions

As at March 31, 2013, March 31, 2012 and April 1, 2011

	March 31, 2013 \$	March 31, 2012 \$	April 1, 2011 \$
Assets			
Current assets			
Cash	7,513	3,629	-
Accounts receivable	5,551	1,338	5,474
Prepaid expenses	774	774	774
	<u>13,838</u>	<u>5,741</u>	<u>6,248</u>
Liabilities			
Current liabilities			
Bank advances	-	-	3,757
Accounts payable and accrued liabilities	3,420	3,287	3,234
Deferred revenue	4,750	1,550	-
	<u>8,170</u>	<u>4,837</u>	<u>6,991</u>
Net assets (liabilities)	<u>5,668</u>	<u>904</u>	<u>(743)</u>
	<u>13,838</u>	<u>5,741</u>	<u>6,248</u>

Approved by the Board of Directors

_____ Director

_____ Director

PEI Cultural Human Resource Sector Council Inc.

Statement of Operations and Changes in Net Assets

For the years ended March 31, 2013 and March 31, 2012

	2013	2012
	\$	\$
Revenue		
Skills PEI		
Operating	110,324	124,272
Projects	4,484	-
Cultural Forum sponsorship	300	1,200
Culture Days	8,750	5,000
Small contracts	3,350	2,726
PEI 2014	20,066	-
	<hr/>	<hr/>
	147,274	133,198
	<hr/>	<hr/>
Expenses		
Advertising and promotion	536	1,992
Annual general meeting	392	486
Capital expenditures	100	1,209
Careers in culture	4,415	13,745
Culture Days	8,581	4,777
Cultural Forum	3,093	6,826
Festival best practices workshop	1,846	-
Finding your voice	684	-
French translation	-	338
Meeting rooms	347	258
Culture and tourism marketplace	558	-
Insurance	1,654	1,645
Interest and bank charges	291	247
Memberships	431	303
Newcomers' career event	340	1,653
Office supplies	2,321	2,825
PEI 2014	18,002	-
Professional fees	1,376	1,328
Rent	9,225	9,225
Repairs and maintenance	2,285	1,803
Salaries and benefits	81,925	78,937
Small contracts	1,381	-
Sponsorship	-	750
Telephone and internet	1,711	1,840
Travel	846	1,081
Website development	170	283
	<hr/>	<hr/>
	142,510	131,551
	<hr/>	<hr/>
Excess revenue for the year	4,764	1,647
Net assets (liabilities) - Beginning of year	904	(743)
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Net assets - End of year	5,668	904
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PEI Cultural Human Resource Sector Council Inc.

Statement of Cash Flows

For the years ended March 31, 2013 and March 31, 2012

	2013	2012
	\$	\$
Cash provided by (used in)		
Operating activities		
Excess revenue for the year	4,764	1,647
Net change in non-cash working capital items		
Decrease (increase) in accounts receivable	(4,213)	4,136
Increase in accounts payable and accrued liabilities	133	53
Increase in deferred revenue	3,200	1,550
Increase in cash	3,884	7,386
Net cash (bank advances) - Beginning of year	3,629	(3,757)
Cash - End of year	7,513	3,629

PEI Cultural Human Resource Sector Council Inc.

Notes to Financial Statements

March 31, 2013

1 Purpose of the organization

The purpose of PEI Cultural Human Resource Sector Council Inc. is to act as a leader in strengthening the cultural sector on Prince Edward Island by studying workforce related needs and developing viable solutions. The organization is funded by the Canada/Prince Edward Island Labour Market Development Agreement. The company was incorporated March 31, 2006 under Part II of the Companies Act of Prince Edward Island as a non-profit organization and is exempt from paying corporate income taxes under Section 149(1)(l) of the Income Tax Act.

2 Summary of significant accounting policies

Basis of accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. These financial statements include the following significant accounting policies:

Cash

Cash consists of the organization's bank account.

Capital assets

The organization expenses capital asset expenditures in the year they are incurred.

Revenue recognition

PEI Cultural Human Resource Sector Council Inc. 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.

Use of estimates

The preparation of these financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the current period. Significant items subject to such estimates and assumptions include the valuation of accounts receivable. Actual results could differ from those estimates.

PEI Cultural Human Resource Sector Council Inc.

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Financial instruments

(a) Measurement of financial instruments

PEI Cultural Human Resource Sector Council Inc.'s financial instruments consist of cash, accounts receivable and accounts payable and accrued liabilities.

The organization initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. This fair value amount is then deemed to be the amortized cost of the financial instrument.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost.

(b) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in net earnings. The write-down reflects the difference between the carrying amount and the higher of:

- i) The present value of the cash flows expected to be generated by the asset or group of assets;
- ii) The amount that could be realized by selling the asset or group of assets;
- iii) The net realizable value of any collateral held to secure repayment of the asset or group of assets.

When events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in net earnings up to the amount of the previously recognized impairment.

(c) Risks

Transacting in financial instruments exposes the company to certain financial risks and uncertainties. These risks include:

Credit risk: The company is exposed to credit risk in connection with the collection of its accounts receivable. The company mitigates this risk by performing continuous evaluation of its accounts receivables.

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3 First-time adoption of Accounting Standards for Not-for-Profit Organizations

Effective April 1, 2011, the organization has adopted Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO). These are the first financial statements prepared in accordance with this new framework which has been applied retrospectively. The accounting policies set out in the summary of significant accounting policies note have been applied in preparing the financial statements for the year ended March 31, 2013, the comparative information presented in these financial statements for the year ended March 30, 2012 and in the preparation of an opening ASNPO balance sheet at April 1, 2011, which is the organization's date of transition.

The adoption of ASNPO has no impact on the previously reported assets, liabilities and net assets of the organization and, accordingly, no adjustments have been recorded in the comparative statement of financial positions, statements of operations and the cash flow statement. Certain of the organization's presentation and disclosures included in these financial statements reflect the new presentation and disclosure requirements of Canadian accounting standards for not-for-profit organizations.

4 Economic dependence

PEI Cultural Human Resource Sector Council Inc. receives funding from government. As most of the organization's income is derived from government funding, its ability to continue viable operations is dependent upon maintaining these funding sources from government.