

VANCOUVER INTERNATIONAL WRITERS FESTIVAL SOCIETY

FINANCIAL STATEMENTS

31 DECEMBER 2023

VANCOUVER INTERNATIONAL WRITERS FESTIVAL SOCIETY

Financial Statements

For the year ended 31 December 2023

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INDEPENDENT AUDITORS' REPORT

To the Directors,
Vancouver International Writers Festival Society

Qualified Opinion

We have audited the financial statements of Vancouver International Writers Festival Society (the "Society"), which comprise the statement of financial position as at 31 December 2023, and the statements of changes in fund balances, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at 31 December 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 (ASNPO).

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Society derives revenue from the general public in the form of donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Society. Therefore, we were not able to determine whether any adjustments might be necessary to donation revenue, excess of revenues over expenses, and cash flows from operations for the years ended 31 December 2023 and 2022, current assets as at 31 December 2023 and 2022, and net assets as at 1 January and 31 December for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended 31 December 2022 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Society 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 qualified opinion.

INDEPENDENT AUDITORS' REPORT - Continued

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 ASNPO, 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 Society's internal control.
- ♦ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITORS' REPORT - Continued

- ◆ 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 Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Society 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 (British Columbia), we report that, in our opinion, the accounting principles in Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of a preceding year.

Rolfe Benson LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
16 April 2024

VANCOUVER INTERNATIONAL WRITERS FESTIVAL SOCIETY**Statement of Financial Position****31 December 2023**

	2023	2022
Assets		
Current		
Cash - operating	\$ 280,409	\$ 98,360
Cash - internally restricted	425,858	413,806
Accounts receivable	51,830	115,998
GST receivable	-	6,572
Prepaid expenses	3,907	2,794
	<u>762,004</u>	<u>637,530</u>
Term deposit	270,000	20,000
Tangible capital assets (Note 3)	3,918	6,692
Intangible assets (Note 4)	12,000	18,000
	<u>1,047,922</u>	<u>682,222</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 57,761	\$ 52,512
GST Payable	2,554	-
Employee deductions payable	10,173	8,641
Deferred contributions (Note 5)	300,000	-
Poet Laureate Program (Note 6)	17,939	18,626
	<u>388,427</u>	<u>79,779</u>
Fund Balances		
Invested in tangible capital and intangible assets	15,918	24,693
Internally restricted - Cash Reserves Fund	425,858	413,806
Unrestricted	217,719	163,944
	<u>659,495</u>	<u>602,443</u>
	<u>\$ 1,047,922</u>	<u>\$ 682,222</u>

APPROVED ON BEHALF OF THE DIRECTORS:

Director_____
Director

The accompanying notes are an integral part of these financial statements

VANCOUVER INTERNATIONAL WRITERS FESTIVAL SOCIETY
Statement of Changes in Fund Balances
For the year ended 31 December 2023

	Invested in tangible capital and intangible assets	Internally restricted Cash Reserves Fund	Unrestricted	2023	2022
Balance - beginning of year	\$ 24,693	\$ 413,806	\$ 163,944	\$ 602,443	\$ 754,508
Excess (deficiency) of revenues over expenses for the year	(8,775)	-	65,827	57,052	(152,065)
Transfer to Unrestricted Fund (Note 2(b))	-	12,052	(12,052)	-	-
Balance - end of year	\$ 15,918	\$ 425,858	\$ 217,719	\$ 659,495	\$ 602,443

The accompanying notes are an integral part of these financial statements

VANCOUVER INTERNATIONAL WRITERS FESTIVAL SOCIETY**Statement of Operations****For the year ended 31 December 2023**

	2023	2022
Revenues		
Public sector grants - Schedule	\$ 679,636	\$ 553,501
Earned income	549,179	309,865
Private sector contributions	390,141	324,647
Investment income	80,458	60,746
BC Gaming Commission - Community Gaming Grant	38,500	55,500
Government assistance	-	13,090
	<u>1,737,914</u>	<u>1,317,349</u>
Expenses		
Programming	730,367	574,118
Personnel	648,612	600,579
Operational	166,165	148,677
Professional	126,943	137,033
Amortization	8,775	9,007
	<u>1,680,862</u>	<u>1,469,414</u>
Excess (deficiency) of revenues over expenses for the year	\$ 57,052	\$ (152,065)

The accompanying notes are an integral part of these financial statements

VANCOUVER INTERNATIONAL WRITERS FESTIVAL SOCIETY**Statement of Cash Flows**

For the year ended 31 December 2023

	2023	2022
Cash provided by (used in):		
Operating activities		
Excess (deficiency) of revenue over expenses for the year	\$ 57,052	\$ (152,065)
Item not involving cash		
Amortization	8,775	9,007
	<u>65,827</u>	<u>(143,058)</u>
Changes in non-cash working capital balances		
Accounts receivable	64,168	102,260
GST receivable	6,572	(3,284)
Prepaid expenses	(1,113)	-
Accounts payable and accrued liabilities	5,248	(3,239)
GST payable	2,554	-
Employee deductions payable	1,532	(96)
Deferred contributions	300,000	(350)
Poet Laureate Program	(687)	(513)
	<u>444,101</u>	<u>(48,280)</u>
Investing activities		
Decrease (increase) in internally restricted cash	(12,052)	73,769
Purchase of term deposits	(250,000)	-
	<u>(262,052)</u>	<u>73,769</u>
Net increase in cash	182,049	25,489
Cash - beginning of year	98,360	72,871
Cash - end of year	\$ 280,409	\$ 98,360

The accompanying notes are an integral part of these financial statements

VANCOUVER INTERNATIONAL WRITERS FESTIVAL SOCIETY
Notes to the Financial Statements
For the year ended 31 December 2023

1. Purpose

The Vancouver International Writers Festival Society (the “Society”) connects people to exceptional books, ideas and dialogue through year-round programming that ignites a passion for words and the world around us. The Society is incorporated under the Societies Act (British Columbia) and is a registered charitable organization under the Income Tax Act, and therefore, is not subject to either federal or provincial income taxes providing certain requirements are met.

2. Summary of significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are detailed as follows:

(a) Financial instruments

(i) Measurement of financial instruments

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

The Society subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations in the period incurred.

Financial assets measured at amortized cost include cash, accounts receivable and term deposits.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and employee deductions payable.

(ii) Impairment

For financial assets measured at cost or amortized cost, the Society determines whether there are indications of possible impairment. When there is an indication of impairment, and the Society determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in the statement of operations. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be 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 the statement of operations.

VANCOUVER INTERNATIONAL WRITERS FESTIVAL SOCIETY
Notes to the Financial Statements
For the year ended 31 December 2023

2. Summary of significant accounting policies - Continued

(a) Financial instruments - Continued

(iii) Transaction costs

The Society recognizes its transaction costs in the statement of operations in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

(b) Fund accounting - Cash Reserves Fund

The purpose of the cash reserves fund is to ensure the Society has six to nine months' worth of core operating reserves and the funds may only be used to support activities that advance the purposes of the organization. The full amount of any funds withdrawn for these purposes must be replenished within 12 months of the date they are borrowed.

During the current year, the Society transferred \$12,052 from the unrestricted fund to the cash reserves fund.

(c) Revenue recognition

The Society follows the restricted fund method of accounting for contributions. Unrestricted contributions are recognized as received or receivable and when the amount can be reasonably estimated and collection is reasonably assured. Externally restricted contributions to specific funds are recognized in the funds as received or earned. Restricted contributions related to general operations are recognized as revenue in the year in which the related expenses are incurred.

Earned income consists of revenue from literary and fundraising events and is recognized when the event occurs.

Annual memberships, donations and other contributions are recognized as received or receivable.

(d) Cash and cash equivalents

The Society's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn and term deposits with a maturity period of three months or less from the date of acquisition. Term deposits that the entity cannot use for current transactions because they are pledged as security are also excluded from cash and cash equivalents.

VANCOUVER INTERNATIONAL WRITERS FESTIVAL SOCIETY
Notes to the Financial Statements
For the year ended 31 December 2023

2. Summary of significant accounting policies - Continued

(e) Tangible capital assets

Tangible capital assets purchased are recorded at cost and are amortized over their estimated useful lives at the following annual rates:

Furniture and fixtures	7 years straight-line
Computer equipment	5 years straight-line

When a tangible capital asset no longer contributes to the services provided by the Society, its carrying amount is written down to its residual value. No impairment losses were determined by management to be necessary for the year.

(f) Intangible assets

Intangible assets are recorded at cost. The Society provides for amortization using the straight-line method at rates designed to amortize the cost of the intangible assets over their estimated useful lives. The annual amortization rate is as follows:

Website	5 years straight-line
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When an intangible asset no longer contributes to the services provided by the Society, its carrying amount is written down to its residual value. No impairment losses were determined by management to be necessary for the year.

(g) Donated material and services

The Society recognizes donated goods and services in the statement of operations when their fair market value can be determined and the goods and services are used in the normal course of the Society's operations and would otherwise have been purchased.

Volunteers contribute a significant amount of time every year to assist the Society in carrying out its programs and services. Due to the difficulty of determining their fair market value, the value of these hours are not recognized in these financial statements. In kind contributions recorded in these financial statements consist of the estimated fair value of office space and festival expenses that were contributed to the Society during the year.

(h) 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, liabilities, revenues and expenses and disclosure of contingencies at the date of the statement of financial position. Accounts subject to estimates include accrued liabilities and amortization on tangible capital and intangible assets. Management believes that estimates utilized in preparing the financial statements are prudent and reasonable; however, actual results could differ from those estimates.

VANCOUVER INTERNATIONAL WRITERS FESTIVAL SOCIETY
Notes to the Financial Statements
For the year ended 31 December 2023

3. Tangible capital assets

	Cost	Accumulated Amortization	2023 Net	2022 Net
Furniture and fixtures	\$ 2,105	\$ 1,756	\$ 349	\$ 649
Computer equipment	<u>12,370</u>	<u>8,801</u>	<u>3,569</u>	<u>6,043</u>
	<u>\$ 14,475</u>	<u>\$ 10,557</u>	<u>\$ 3,918</u>	<u>\$ 6,692</u>

4. Intangible assets

	Cost	Accumulated Amortization	2023 Net	2022 Net
Website	<u>\$ 30,000</u>	<u>\$ 18,000</u>	<u>\$ 12,000</u>	<u>\$ 18,000</u>

5. Deferred contributions

Contributions designated for specific future programs have been deferred to subsequent fiscal years. These funds will be recognized as revenue as the related expenditures are incurred. The balance consists of the following:

	2023	2022
Wendy Mackay Bequest	\$ 250,000	\$ -
United Way Community Services Recovery Fund	20,000	-
Al Roadburg Foundation	<u>30,000</u>	<u>-</u>
	<u>\$ 300,000</u>	<u>\$ -</u>

VANCOUVER INTERNATIONAL WRITERS FESTIVAL SOCIETY
Notes to the Financial Statements
For the year ended 31 December 2023

6. Poet Laureate Program

The Society has capital investments with a cost of \$200,000 (2022 - \$200,000) and a market value of \$266,543 (2022 - \$253,044) on deposit with the Vancouver Foundation in the Vancouver Poet Laureate Fund. This fund was created as an endowment fund in 2007 by the Society, the City of Vancouver and the Vancouver Public Library for the purpose of creating and perpetuating the appointment of a Poet Laureate for the City of Vancouver, or if such purpose becomes impossible or impractical to carry out, for charitable programs relating to poetry in the City of Vancouver. The fund is held and administered by the Vancouver Foundation and is permanently restricted. The Society acts as an agent on behalf of the Poet Laureate program and consequently the fund balance and revenues and expenses related to this fund are not included in these financial statements.

Interest income on this fund of \$12,333 (2022 - \$11,587) was distributed by the Vancouver Foundation and recorded in the Poet Laureate Fund account for the year.

	2023	2022
Balance - beginning of the year	\$ 18,626	\$ 19,139
Investment revenue received	12,333	11,587
Programming expenses	(13,020)	(12,100)
Balance - end of the year	\$ 17,939	\$ 18,626

7. Alma Lee Legacy Fund

The Society has capital investments with a cost of \$1,051,740 (2022 - \$1,051,740) and a market value of \$1,314,868 (2022 - \$1,248,277) on deposit with the Vancouver Foundation in the Alma Lee Legacy Fund. The endowment fund was created in 2005 to provide a stable source of funding for the continued expansion of the programming of the Society. This fund is administered by the Vancouver Foundation and is permanently restricted and consequently not included as an asset in these financial statements.

Interest income on this fund of \$61,145 (2022 - \$59,928) was earned in the current year and \$60,840 (2022 - \$57,160) was distributed and recorded as revenue. The capital contributions are held by the Vancouver Foundation as part of the Fund's permanently restricted capital.

8. Financial instruments

The Society is exposed to various risks through its financial instruments. The following analysis provides a measure of the Society's risk exposure and concentrations at the statement of financial position date, 31 December 2023.

VANCOUVER INTERNATIONAL WRITERS FESTIVAL SOCIETY
Notes to the Financial Statements
For the year ended 31 December 2023

8. Financial instruments - Continued

(a) 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's main credit risks relate to its cash and cash equivalents and accounts receivable. The Society's cash and cash equivalents are maintained with a large federally regulated financial institution in Canada. The Society provides credit to its clients in the normal course of the operations. There has been no change in risk exposure from the prior year.

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Society is exposed to this risk mainly in respect of its accounts payable and accrued liabilities and employee deductions payable. The Society manages liquidity risk by maintaining adequate cash. There has been no change in risk exposure from the prior year.

(c) 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 Society is mainly exposed to interest rate risk.

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Society is exposed to interest rate risk on its floating interest rate financial instruments. Floating-rate instruments subject the Society to a cash flow risk. The endowment investments held with the Vancouver Foundation (Alma Lee Legacy Fund) are subject to floating rates of interest, therefore a change in the variable rate can impact cash flow to service operations. Management does not consider changes in interest rates to be of significant risk. There has been no change in risk exposure from the prior year.

9. Remuneration of Employees, Contractors and Directors

For the fiscal year ended 31 December 2023, included in wages and salaries are two employees with remuneration over \$75,000. The total paid to these individuals was \$187,712. No remuneration was paid to members of the Board of Directors for the 2023 fiscal year.

VANCOUVER INTERNATIONAL WRITERS FESTIVAL SOCIETY**Schedule of Public Sector Grants**

For the year ended 31 December 2023

	2023	2022
Public sector grants		
BC Arts Council Resilience Supplement - COVID	\$ 112,823	\$ -
BC Fairs, Festivals and Events - COVID	93,200	-
CMHC in Kind	89,960	91,194
DCH - Arts Presentation Canada	77,000	144,500
City of Vancouver Operating	65,000	65,000
Canada Council Operating	58,000	58,000
BC Arts Council Operating	56,500	76,500
CMHC Cultural Partner	46,000	46,500
DCH - Canada Book Fund	30,000	30,000
BC Arts Council - Arts Infrastructure	25,000	-
United Way British Columbia - COVID	19,000	-
Canada Council	5,000	-
Consulate General of France	1,700	2,659
Consulate General of Germany	453	-
Canada Council for the Arts	-	5,000
Canada Council Governor General Award	-	28,000
Consulate General of New Zealand	-	4,698
Consulate General of Portugal	-	1,450
	<hr/> \$ 679,636	<hr/> \$ 553,501
