

# Embroiderers' Association of Canada, Inc.

## 2016 Financial Statements

### REVIEW ENGAGEMENT REPORT

To the members of  
Embroiderers' Association of Canada Inc.

We have reviewed the statement of financial position of the Embroiderers' Association of Canada Inc. as at August 31, 2016, and the statement of revenue and expenditures, changes in fund balances and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of inquiry, analytical procedures and discussion related to information supplied to us by the Association.

A review does not constitute an audit and consequently we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian accounting standards for not-for-profit organizations.

Victoria, Canada

February 6, 2017

Chartered Professional Accountants

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#### EMBROIDERERS' ASSOCIATION OF CANADA INC. STATEMENT OF REVENUE AND EXPENDITURES

(Unaudited)

August 31, 2016

			2016	2015
	General Fund	EAC Future Fund	Total	Total
Revenue				
Advertising	\$ 985	\$ -	\$ 985	\$ 255
Course fees	4,322	-	4,322	11,484
Donations	1,350	15	1,365	3,401
Interest	1,057	883	1,940	2,049
Membership fees	60,455	-	60,455	60,187
Seminar profits	5,909	-	5,909	9,821
Sundry	1,031	-	1,031	1,233
	<u>75,109</u>	<u>898</u>	<u>76,007</u>	<u>88,430</u>

			<b>2016</b>	2015
	<u>General Fund</u>	<u>EAC Future Fund</u>	<u>Total</u>	<u>Total</u>
Expenditures				
Bank charges	1,500	-	<b>1,500</b>	1,419
Correspondence courses	5,442	-	<b>5,442</b>	7,160
Embroidery Canada	34,971	-	<b>34,971</b>	34,613
Insurance	2,802	-	<b>2,802</b>	2,807
Professional fees	2,768	-	<b>2,768</b>	2,891
Meetings	2,780	-	<b>2,780</b>	2,660
EAC programmes	6,634	349	<b>6,983</b>	6,487
Stationery, postage and communications	6,962	37	<b>6,999</b>	4,553
Sundry	164	2,327	<b>2,491</b>	3,240
Travel and accommodation	<u>11,862</u>	<u>1,142</u>	<u><b>13,004</b></u>	<u>13,858</u>
	<u>75,885</u>	<u>3,855</u>	<u><b>79,740</b></u>	<u>79,688</u>
(Deficiency) excess of revenue over expenditures	\$ <u>(766)</u>	\$ <u>(2,957)</u>	\$ <u><b>(3,733)</b></u>	\$ <u>8,742</u>

See accompanying notes to the financial statements.

## **EMBROIDERERS' ASSOCIATION OF CANADA INC.** **STATEMENT OF CHANGES IN FUND BALANCES**

(Unaudited)

August 31, 2016

			<b>2016</b>	2015
	<u>General Fund</u>	<u>EAC Future Fund</u>	<u>Total</u>	<u>Total</u>
Fund balances, beginning	\$ 137,194	\$ 84,096	<b>\$ 221,290</b>	\$ 212,548
Interfund transfer (Note 3)	529	(529)	-	-
(Deficiency) excess of revenue over expenditures	<u>(776)</u>	<u>(2,957)</u>	<u><b>(3,733)</b></u>	<u>8,742</u>
Fund balances, end of year	<u>\$ 136,947</u>	<u>\$ 80,610</u>	<u><b>\$ 217,557</b></u>	<u>\$ 221,290</u>

See accompanying notes to the financial statements.

Embroiderers' Association of Canada Inc.  
Statement of Financial Position  
(Unaudited)

August 31, 2016

2016

2015

	General Fund	EAC Future Fund	Total	Total
<b>Assets</b>				
Current				
Cash and cash equivalents	\$ 50,909	\$ 9,390	\$ 60,299	\$ 51,925
Investments	83,185	-	83,185	86,303
Accrued interest receivable	1,798	343	2,141	2,076
Sales tax receivable	4,368	-	4,368	2,213
Inventory	1,257	-	1,257	1,249
Prepays	7,308	-	7,308	9,329
Seminar advances	10,000	-	10,000	10,221
	<u>158,825</u>	<u>9,733</u>	<u>168,558</u>	<u>163,316</u>
Seminar advances (Note 4)	10,000	-	10,000	10,000
Investments	-	65,681	65,681	61,753
Capital assets Library (Note 2)	23,771	-	23,771	23,771
Interfund balance (Note 5)	-	6,458	6,458	6,772
	<u>\$ 192,596</u>	<u>\$ 81,872</u>	<u>\$ 274,468</u>	<u>\$ 265,612</u>
<b>Liabilities</b>				
Current				
Payables and accruals	\$ 16,313	\$ 1,262	\$ 17,575	\$ 4,863
Deferred revenue	32,878	-	32,878	32,687
	<u>49,191</u>	<u>1,262</u>	<u>50,453</u>	<u>37,550</u>
Interfund balance (Note 5)	6,458	-	6,458	6,772
	<u>55,649</u>	<u>1,262</u>	<u>56,911</u>	<u>44,322</u>
<b>Fund Balances</b>				
Internally restricted	12,650	80,610	93,260	98,396
Unrestricted	124,297	-	124,297	122,894
	<u>136,947</u>	<u>80,610</u>	<u>217,557</u>	<u>221,290</u>
	<u>\$ 192,596</u>	<u>\$ 81,872</u>	<u>\$ 274,468</u>	<u>\$ 265,612</u>

On behalf of the Board

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See accompanying notes to the financial statements.

**EMBROIDERERS' ASSOCIATION OF CANADA INC.**  
**STATEMENT OF CASH FLOWS**

(Unaudited)

August 31, 2016

**2016**

**2015**

Increase (decrease) in cash and cash equivalents

**Operating activities**

Excess of revenue over expenditures

**\$ (3,733)**

**\$ 8,742**

Changes in non-cash operating working capital

Accounts receivable

-

519

Accrued interest receivable

(65)

320

Sales tax receivable

(2,155)

(228)

Inventory

(8)

812

Prepays

2,021

(2,155)

Seminar advances

221

14,922

Payables and accruals

12,712

562

Deferred revenue

191

466

**9,184**

**23,960**

**Investing activities**

Sale (purchase) of investments, net of proceeds

**(810)**

**(2,368)**

**(810)**

**(2,368)**

Net increase in cash and cash equivalents

**8,374**

**21,592**

Cash and cash equivalents, beginning of year

**51,925**

**30,333**

Cash and cash equivalents, end of year

**\$ 60,299**

**\$ 51,925**

See accompanying notes to the financial statements.

## **EMBROIDERERS' ASSOCIATION OF CANADA INC.**

### **NOTES TO THE FINANCIAL STATEMENTS**

(Unaudited)

August 31, 2016

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#### **1. Status and nature of operations**

The Association is incorporated under the laws of Canada without share capital. The purpose of the Association is to promote awareness and education of embroidery.

The Association is classified as a not-for-profit organization under the Income Tax Act and is a registered charity. As a result, it is not required to pay income taxes.

These financial statements pertain solely to the Association and do not include the operation of Branch Chapters.

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#### **2. Significant accounting policies**

##### **Basis of presentation**

The Association has prepared these financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO).

##### **Fund accounting**

Revenue and expenditures related to program delivery and administrative activities are recorded in the General Fund.

The EAC Future Fund is a separate fund set aside for future development. Donations specifically bequested to the fund are allocated to the fund on a yearly basis.

##### **Revenue recognition**

The Association follows the deferral method of accounting for contributions.

Unrestricted contributions are recognized as revenue of the General Fund when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Membership, course and advertising revenue received in advance is deferred and recognized as revenue in the period to which it relates.

Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenditures are incurred.

Investment income is recognized in each respective fund when earned.

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## **2. Significant accounting policies (continued)**

### **Cash and cash equivalents**

Cash and cash equivalents includes balances with banks and highly liquid investments maturing within three months from the date of acquisition.

### **Investments**

Investments are guaranteed investment certificates which are recorded at the lower of cost and market value. Investments maturing within the next fiscal year are recorded as current assets.

### **Inventory**

Inventory is recorded at the lower of cost and net realizable value.

### **Library**

Books and slides are recorded at cost, being actual cost or the fair market value at the time the items were purchased or donated. No amortization is recorded on the library.

### **Contributed services**

Volunteers contribute time to assist the Association in carrying out its charitable activities. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

### **Use of estimates**

In preparing the Association's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

### **Financial instruments**

The Association's financial instruments include cash and cash equivalents, investments, accounts and accrued interest receivable and payables and accruals.

The Association initially measures its financial instruments at fair value. The Association subsequently measures all of its financial instruments at amortized cost, unless management has elected to carry the instruments at fair value. The Association has not elected to carry any such financial instruments at fair value. Unless otherwise noted, it is management's opinion that the Association is not exposed to significant interest, currency or credit risks arising from financial instruments.

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### **3. Transfer to the EAC Future Fund**

The Board of Directors approved a transfer of 10% of the 2015 seminar profit of \$591 (2015: \$982) to the EAC Future Fund from the General Fund, a transfer of \$1 per association member or \$1,437 (2015: \$1,486) to the EAC Future Fund from the General Fund. Additionally, the Board of Directors also approved a transfer of \$2,500 from the Restricted Fund to the General Fund to cover the costs of the National Project (Project 150) which only \$2,327 was used and \$57 was transferred from the Restricted Fund to the General Fund to cover the costs of the Fort McMurray supplies donation.

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### **4. Seminar advances**

The Association advanced \$10,000 in funds to a member organization for the annual EAC seminar that takes place in fiscal 2018, which is when the funds are expected to be repaid, and has therefore presented these advanced funds as long term.

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### **5. Interfund balance**

The General Fund has a balance owing to the EAC Future Fund in the amount of \$6,458 (2015: \$6,772) representing the remaining transfer balance as disclosed in Note 3.

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### **6. Risk management**

In the normal course of business, the Association is exposed to credit risk, liquidity risk and market risk. The Association's primary risk management objective is to protect earnings and cash flow, and ultimately the net assets. Risks are managed within limits established by the Association's Board of Directors and implemented by management. These risks and actions taken to manage them are as follows:

#### *Interest rate risk*

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Association's main interest rate exposure relates to the guaranteed investment certificates.

#### *Credit risk*

The Association is exposed to the risk that a counterparty defaults or becomes insolvent. The only financial instrument that potentially subjects the Association to concentrations of credit risk is its accounts receivables. Management believes that the Association does not have a significant credit risk on its receivables.

#### *Liquidity risk*

Liquidity risk is the risk that the Association cannot meet a demand for cash or fund its obligations as they come due. The Association's liabilities are due to be paid in full before August 31, 2017.