



February 5, 2019

Assembly of British Columbia Arts Councils
301-1321 Blanshard Street
Victoria BC V8W 0B6

Dear Sir / Madam:

You have requested that we review the general purpose financial statements of Assembly of British Columbia Arts Councils, which comprise the statement of financial position as at December 31, 2018, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. We are pleased to confirm our acceptance and our understanding of this review engagement by means of this letter (the "Engagement").

Our review will be conducted with the objective of expressing our conclusion on the financial statements. Our conclusion, if unmodified, will be in the form of "Based on our review, nothing has come to our attention that causes us to believe that these financial statements do not present fairly, in all material respects, the financial position of Assembly of British Columbia Arts Councils as at December 31, 2018, 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."

Our Responsibilities

We will conduct 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. We will perform procedures, primarily consisting of making inquiries of management and others within the entity (as appropriate) and applying analytical procedures, and evaluate the evidence obtained. We will also perform additional procedures if we become aware of matters that cause us to believe the financial statements as a whole may be materially misstated. These procedures are performed to enable us to express our conclusion on the financial statements in accordance with Canadian generally accepted standards for review engagements. The procedures selected will depend on what we consider necessary in applying our professional judgment, based on our understanding of Assembly of British Columbia Arts Councils and its environment, and our understanding of Canadian accounting standards for not-for-profit organizations and its application in the industry context.

A review is not an audit of the financial statements therefore:

- a. There is a commensurate higher risk than there would be in an audit that any material misstatements that exist in the financial statements reviewed may not be revealed by the review, even though the review is properly performed in accordance with Canadian generally accepted standards for review engagements.
- b. In expressing our conclusion from the review of the financial statements, our report on the financial statements will expressly disclaim any audit opinion of the financial statements.

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**denotes partnership of professional corporations*

Reporting

Unless unanticipated difficulties are encountered, our report will be substantially in the following form:

To the Members of Assembly of British Columbia Arts Councils

We have reviewed the accompanying financial statements of Assembly of British Columbia Arts Councils which comprise the statement of financial position as at December 31, 2018, and the statements of revenues and expenditures, 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 for the Financial Statements

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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these financial statements do not present fairly, in all material respects, the financial position of Assembly of British Columbia Arts Councils as at December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with the Canadian accounting standards for not-for-profit organizations.

If we determine that a modification to our conclusion on the financial statements is necessary, we will discuss the reasons with you in advance.

Management's Responsibilities

Our review will be conducted on the basis that management and, where appropriate, those charged with governance acknowledge and understand that they have responsibility:

- a. For the preparation and fair presentation of the financial statements in accordance with the Canadian accounting standards for not-for-profit organizations;
- b. For the design and implementation of 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; and
- c. To provide us with timely:
 - i) Access to all the information of which management is aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation and other matters;
 - ii) Information about all known or suspected fraud, any allegations of fraud or suspected fraud and any known or probable instances of non-compliance with legislative or regulatory requirements;



- iii) Additional information that we may request from management for the purpose of review; and
 - Copies of all minutes of meetings of shareholders, directors and committees of directors;
 - Information relating to any known or probable instances of non-compliance with legislative or regulatory requirements, including financial reporting requirements;
 - Information relating to any illegal or possibly illegal acts, and all facts related thereto;
 - A listing of all related parties and related-party transactions and information pertaining to the measurement and disclosure of transactions with those related parties;
 - An assessment of the reasonableness of significant assumptions underlying fair value measurements and disclosures in the financial statements;
 - Any plans or intentions that may affect the carrying value or classification of assets or liabilities;
 - An assessment of all areas of measurement uncertainty known to management;
 - Information relating to claims and possible claims, whether or not they have been discussed with Assembly of British Columbia Arts Councils's legal counsel;
 - Information relating to other liabilities and contingent gains or losses, including those associated with guarantees, whether written or oral, under which Assembly of British Columbia Arts Councils is contingently liable;
 - Information relating to compliance with aspects of contractual agreements that may affect the financial statements; and
 - Information concerning subsequent events.
- iv. Unrestricted access to persons within Assembly of British Columbia Arts Councils from whom we determine it necessary to obtain evidence.

As part of our review, we will request from management and, where appropriate, those charged with governance written confirmation concerning representations made to us in connection with the review.

We will communicate any misstatements identified during the Engagement other than those that are clearly trivial. We will request that management correct all the misstatements communicated.

Confidentiality

One of the underlying principles of the profession is a duty of confidentiality with respect to client affairs. Each practitioner must preserve the secrecy of all confidential information that becomes known during the practice of the profession. Accordingly, we will not provide any third party with confidential information concerning the affairs of Assembly of British Columbia Arts Councils unless:

- a. We have been specifically authorized with prior consent;
- b. We have been ordered or expressly required by law or by the British Columbia *Code of Professional Conduct/Code of Ethics*; or
- c. The information requested is (or enters into) public domain.

Communications

In performing our services, we will send messages and documents electronically. You acknowledge that electronic communication carries the possibility of inadvertent misdirection, interception or non-delivery of confidential material, or infection by a virus. If you do not consent to our use of electronic communications, please notify us in writing.

We do not accept responsibility and will not be liable for any damage or loss caused in connection with the interception or corruption of an electronic communication.

Use of Information

It is acknowledged that we will have access to all information about identified individuals ("personal information") in your custody that we require to complete our Engagement. Our services are provided on the basis that:



- a. You represent to us that management has obtained any required consents for our collection, use, disclosure, storage, transfer and process of personal information required under applicable privacy legislation and professional regulation; and
- b. We will hold all personal information in compliance with our Privacy Statement.

Use and Distribution of Our Report

The examination of the financial statements and the issuance of our review engagement report are solely for the use of Assembly of British Columbia Arts Councils and those to whom our report is specifically addressed by us. We make no representations or warranties of any kind to any third party in respect of these financial statements or our review engagement report, and we accept no responsibility for their use by any third party.

We ask that our name be used only with our consent and that any information to which we have attached a communication be issued with that communication, unless otherwise agreed to by us.

Reproduction of Review Engagement Report

If reproduction or publication of our review engagement report (or reference to our report) is planned in an annual report or other document, including electronic filings or posting of the report on a website, a copy of the entire document should be submitted to us in sufficient time for our review and approval in writing before the publication or posting process begins.

Management is responsible for the accurate reproduction of the financial statements, the review engagement report and other related information contained in an annual report or other public document (electronic or paper-based). This includes any incorporation by reference to either full or summarized financial statements that we have reviewed.

We are not required to read the information contained in your website or to consider the consistency of other information on the electronic site with the original document.

Ownership

The working papers, files, other materials, reports and work created, developed or performed by us during the course of the Engagement are the property of our firm, constitute our confidential information and will be retained by us in accordance with our firm's policies and procedures.

During the course of our work, we may provide, for your own use, certain software, spreadsheets and other intellectual property to assist with the provision of our services. Such software, spreadsheets and other intellectual property must not be copied, distributed or used for any other purpose. We also do not provide any warranties in relation to these items and will not be liable for any lost or corrupted data or other damage or loss suffered or incurred by you in connection with your use of them.

We retain the copyright and all intellectual property rights in any original materials provided to you.

File Inspections

In accordance with professional regulations (and by firm policy), our client files may periodically be reviewed by practice inspectors and by other engagement file reviewers to ensure that we are adhering to professional and firm standards. File reviewers are required to maintain confidentiality of client information.

Other Services

In addition to the review services referred to above, we will, as allowed by the Chartered Professional Accountants Association of British Columbia *Code of Ethical Principles and Rules of Conduct (CEPROC)*, prepare your charity returns as agreed upon. Unless expressly agreed in a separate engagement letter, we will have no involvement with or responsibility for the preparation or filing of GST and PST returns or any other (including foreign) tax returns, source deductions, information returns, slips, elections, designations, certificates or reports. Management will, on a timely basis, provide the information necessary to complete these federal and provincial income tax returns and will review and file them with the appropriate authorities on a timely basis.



We will carry out such bookkeeping as required, subject to management's review and approval, prior to the review of the financial statements.

Governing Legislation

This engagement letter is subject to, and governed by, the laws of the Province of British Columbia. The Province of British Columbia will have exclusive jurisdiction in relation to any claim, dispute or difference concerning this engagement letter and any matter arising from it. Each party irrevocably waives any right it may have to object to any action being brought in those courts to claim that the action has been brought in an inappropriate forum or to claim that those courts do not have jurisdiction.

Dispute Resolution

You agree that:

- a) Any dispute that may arise regarding the meaning, performance or enforcement of this Engagement will, prior to resorting to litigation, be submitted to mediation; and
- b) You will engage in the mediation process in good faith once a written request to mediate has been given by any party to the engagement.

Any mediation initiated as a result of this Engagement shall be administered within the Province of British Columbia according to its mediation rules, and any ensuing litigation shall be conducted within such province, according to provincial law. The results of any such mediation shall be binding only upon agreement of each party to be bound. The costs of any mediation proceeding shall be shared equally by the participating parties.

Indemnity

Assembly of British Columbia Arts Councils hereby agrees to indemnify, McLean, Lizotte, Wheadon and Company from and against any and all losses, costs, damages, expenses, claims, demands and liabilities arising out of or in consequence of:

- a) The breach by Assembly of British Columbia Arts Councils, or its directors, officers, agents or employees, of any of the covenants or obligations of Assembly of British Columbia Arts Councils herein, including, without restricting the generality of the foregoing, the misuse of, or the unauthorized dissemination of, our engagement report or the financial statements in reference to which the engagement report is issued, or any other work product made available to you by our firm.
- b) The services performed by us pursuant to this engagement, unless, and to the extent that, such losses, costs, damages and expenses are found by a court of competent jurisdiction to have been due to the negligence of our firm. In the event that the matter is settled out of court, we will mutually agree on the extent of the indemnification to be provided by the Salt Spring Arts Council.

Time Frames

We will use all reasonable efforts to complete the Engagement as described in this letter within the agreed upon time frames.

However, we shall not be liable for failures or delays in performance that arise from causes beyond our reasonable control, including any delays in the performance by Assembly of British Columbia Arts Councils of its obligations.

Billing

Our professional fees will be based on our regular billing rates, plus direct out-of-pocket expenses and applicable GST/HST, and are due when rendered. Invoices unpaid 30 days past the billing date may be deemed delinquent and are subject to an interest charge of 1.50% per month or 19.56% (APR) per annum. We reserve the right to suspend our services or to withdraw from this Engagement in the event that any of our invoices are deemed delinquent. In the event that any collection action is required to collect unpaid balances due to us, you agree to reimburse us for our costs of collection, including lawyers' fees.



Costs of Responding to Government or Legal Processes

In the event we are required to respond to a subpoena, court order, government agency or other legal process for the production of documents and/or testimony relative to information we obtained and/or prepared during the course of this Engagement, you agree to compensate us at our normal hourly rates for the time we expend in connection with such response and to reimburse us for all of our out-of-pocket costs (including applicable GST and PST) incurred.

Termination

Management acknowledges and understands that failure to fulfill its obligations as set out in this engagement letter will result, upon written notice, in the termination of the Engagement.

Either party may terminate this agreement for any reason upon providing written notice to the other party not less than 30 calendar days before the effective date of termination.

If we are unable to complete the Engagement or are unable to come to a conclusion on the financial statements, we may withdraw from the Engagement before issuing a review engagement report, or we may issue a denial of assurance on the financial statements. If this occurs, we will communicate the reasons and provide details.

Proceeds of Crime (Money Laundering) and Terrorist Financing Act

The Proceeds of Crime (Money Laundering) and Terrorist Financing Act places certain legal requirements on our firm to report transactions that may be suspicious of being related to a money laundering or a terrorist financing offence. It also requires our firm to report large cash transactions that exceed \$10,000. To meet these obligations, our firm may have to report information about the Salt Spring Arts Council that might otherwise be confidential. The reporting of this information may place the Salt Spring Arts Council and our firm in a conflict of interest. Should such a conflict arise our firm may be required to withdraw from this engagement. You hereby acknowledge this legal requirement placed upon our firm and the potential conflict of interest that may arise as a result of it. You also hereby authorize our firm to release and disclose information related to the Salt Spring Arts Council if and when required by statute to do so.

Conclusion

This engagement letter includes the relevant terms that will govern the Engagement for which it has been prepared. Any material changes or additions to the terms set forth in this letter will only become effective if evidenced by a written amendment to this letter, signed by all of the parties.

The above terms will remain in effect from year to year unless amended in writing by both parties or terminated by written notice from either party.

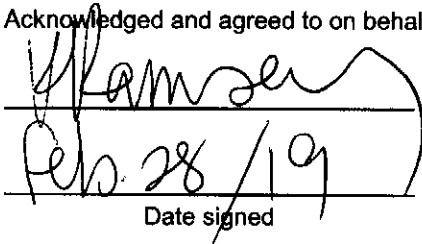
Sincerely,

MCLEAN, LIZOTTE, WHEADON AND COMPANY
Chartered Professional Accountants



Paula M. Wheadon, BSC, CPA, CGA

Acknowledged and agreed to on behalf of Assembly of British Columbia Arts Councils by:



Date signed

