

**ARTS ETOBICOKE**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**ARTS ETOBICOKE**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**INDEX**

	<b>Page</b>
<b>Independent Auditor's Report</b>	<b>1-2</b>
Statement of Financial Position	<b>3</b>
Statement of Operations and Changes in Net Assets	<b>4</b>
Statement of Cash Flows	<b>5</b>
Notes to the Financial Statements	<b>6-10</b>

## INDEPENDENT AUDITOR'S REPORT

---

**To: The Members of Arts Etobicoke**

### **Opinion**

We have audited the accompanying financial statements of **Arts Etobicoke**, which comprise the statement of financial position as at **June 30, 2021** 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.

### **Basis for Qualified Opinion**

In common with many not-for-profit organizations, Arts Etobicoke derives revenue from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of Arts Etobicoke and we were not able to determine whether any adjustments might be necessary to donation revenue, excess of revenue over expenses, assets and net assets.

### **Qualified Opinion**

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of Arts Etobicoke as at June 30, 2021 and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### **Basis for Opinion**

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

### **Responsibilities of Management and Those Charged with Governance 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.

In preparing these financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative to do so.

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

## Auditor's Responsibilities

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 auditor's 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Organization 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Organization's business activities to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



October 1, 2021  
Toronto, Ontario

**J&J**, Chartered Professional Accountants  
Licensed Public Accountants

**ARTS ETOBICOKE**  
(Incorporated under the laws of the Province of Ontario)

**STATEMENT OF FINANCIAL POSITION**

**AS AT JUNE 30, 2021**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>ASSETS</b>		
<i>Current</i>		
Cash and cash equivalents	707,226	396,342
Investments (note 3)	312,505	488,996
Accounts receivable	4,958	15,847
HST recoverable	10,111	2,276
Prepaid expenses and deposits	5,637	7,158
	1,040,437	910,619
Capital (note 4)	2,362	9,964
Art collection	1	1
	1,042,800	920,584
<b>LIABILITIES</b>		
<i>Current</i>		
Accounts payable and accrued liabilities	42,353	18,788
Government remittances payable	952	-
	43,305	18,788
Deferred revenue (note 5)	660,629	568,420
	703,934	587,208
<b>NET ASSETS</b>		
Net assets - unrestricted	338,866	333,376
	1,042,800	920,584

**APPROVED ON BEHALF OF THE BOARD:**

 <small>Dominique Sanguinetti (Oct 1, 2021 09:07 EDT)</small>	Director
 <small>Marilyn A. Cade (Oct 5, 2021 11:55 EDT)</small>	Director

See accompanying notes

**ARTS ETOBICOKE**  
(Incorporated under the laws of the Province of Ontario)

**STATEMENT OF OPERATIONS and CHANGES IN NET ASSETS**

**FOR THE YEAR ENDED JUNE 30, 2021**

	2021	2020
	\$	\$ (note 12)
<b>Revenues</b>		
Government grants (note 10)	808,201	713,395
Donations (note 7)	240,005	132,340
Interest and investments	42,292	19,470
Workshop and program fees	24,055	60,851
Art and rental sales	10,271	11,556
Membership	4,271	5,057
Fundraising events	1,457	535
Wage subsidies	-	7,155
	<b>1,130,552</b>	<b>950,359</b>
<b>Expenses</b>		
Wages and benefits	399,939	317,087
Artist fees (note 7)	309,330	177,268
Contract staff and fundraising fees	89,883	33,473
Exhibitions and programs	72,673	83,479
Member communications (note 7)	61,018	94,347
Rent	56,761	51,138
Marketing and promotion (note 7)	34,088	65,451
Office and general	22,850	24,105
Education	18,357	44,182
Art donation (note 7)	16,550	-
Premises expenses	11,839	10,242
Depreciation	7,602	10,413
Legal and audit fees	7,507	5,895
Telephone and internet	7,313	6,509
Miscellaneous	6,742	14,653
Bank charges and interest	2,610	2,603
	<b>1,125,062</b>	<b>940,845</b>
Excess of revenues over expenses	5,490	9,514
Fund balance, beginning of year	333,376	323,862
Fund balance, end of year	<b>338,866</b>	<b>333,376</b>

*See accompanying notes*

**ARTS ETOBICOKE**  
(Incorporated under the laws of the Province of Ontario)

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>Operating activities</b>		
Working capital from operations		
Excess of revenues over expenses	<b>5,490</b>	9,514
Add : items not requiring an outlay of cash:		
Depreciation	<b>7,602</b>	10,413
	<b>13,092</b>	19,927
Net change in non-cash working capital accounts		
(Increase) decrease in accounts receivable	<b>10,889</b>	18,020
(Increase) decrease in deferred revenue	<b>92,209</b>	519,420
(Increase) decrease in prepaid expenses	<b>1,521</b>	(1,079)
Increase (decrease) in taxes payable	<b>(7,835)</b>	(2,280)
Increase (decrease) in accounts payable and accruals	<b>23,565</b>	7,276
Increase (decrease) in Government remittances payable	<b>952</b>	(5,745)
	<b>121,301</b>	535,612
<b>Cash flow from operating activities</b>	<b>134,393</b>	555,539
<b>Investing activities</b>		
Purchase of capital assets	-	(2,749)
Increase (decrease) in investments	<b>176,491</b>	(202,781)
<b>Cash generated by (used in) investing activities</b>	<b>176,491</b>	(205,530)
Increase (decrease) in cash for the year	<b>310,884</b>	350,009
Cash and cash equivalents, beginning of year	<b>396,342</b>	46,333
<b>Cash and cash equivalents, end of year</b>	<b>707,226</b>	396,342

*See accompanying notes*

# ARTS ETOBICOKE

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

### 1. OBJECTIVES OF ARTS ETOBICOKE

Arts Etobicoke ("The Organization") was incorporated without share capital on February 16, 1973 under the laws of the Province of Ontario. Arts Etobicoke is a not-for-profit organization whose purpose is to engage all people in the West Toronto area with the arts and artists in their own community. As a registered charitable organization, Arts Etobicoke may issue tax-deductible receipts to donors and is exempt from taxation under section 149(1)(1) of the Income Tax Act (Canada).

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. A summary of its significant accounting policies follows:

#### ***Basis of Accounting***

These financial statements were prepared using the accrual basis of accounting. The accrual basis recognizes revenues as they become available and measurable. Expenses are recognized as they are incurred and measurable as a result of receipts of goods or services and the creation of a legal obligation to pay.

#### ***Cash and equivalents***

Cash and equivalents include cash on hand, short-term deposits with initial maturities of one year or less.

#### ***Capital assets***

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is calculated at the following rates and bases over the estimated useful lives of the assets:

Leasehold Improvements	Lease term, plus renewal
Computer equipment	2 years straight line
Office equipment	5 years straight line

#### ***Use of estimates***

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from these estimates.

#### ***Art collection***

The Organization's collection of artworks consists of donated paintings and prints, held for public exhibition and rental. The value of the works of art has been excluded from the statement of financial position except for a nominal value of \$1. Accessions of art for the collection, both purchased and those gifted, are expensed in the year of acquisition. Where the expertise does not exist internally, gifted works of art are valued for historical purposes based on appraisals by independent external appraisers.



## ARTS ETOBICOKE

### NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

##### ***Revenue recognition***

The Organization 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, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Revenues generated from art rentals, interest and dividends are recognized when earned.

Gifts in kind are recognized as revenue when the service or items that are otherwise ordinarily purchased by the Organization are received.

##### ***Government assistance***

Government assistance related to current expenditures is reflected in the accounts as revenue in the current year. Assistance related to a particular program or project is taken into income in proportion to the expenses incurred during the contractual period funded. Assistance related to the purchase of capital assets is deferred and brought into revenue in the year of the capital expenditure.

##### ***Contributed materials and services***

Donations of materials which are not normally purchased by the Organization are not recorded in the accounts. The work of the Organization is also heavily dependent on the voluntary service of its members. Since these services are not normally purchased by the Organization, and because of the difficulty of determining their fair value, the value of donated volunteer services is not recognized in these financial statements.

##### ***Financial instruments***

The Organization initially measures its financial assets and financial liabilities at fair value. The Organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value with changes in fair value recognized in net earnings. The carrying amount of the financial assets or liabilities are adjusted by the transaction costs, which are recognized in net earnings.

#### 3. INVESTMENTS

Investments are recorded at market value. Changes in the market value are recorded in operations monthly. Investments held as at year end are as follows:

Type	Institution	Maturity date	Interest	Principal/market value
				\$
GIC	Royal Bank of Canada	Nov 30, 2021	0.40%	100,232
Equities	Bank of Montreal	NA	NA	212,273
				312,505

## ARTS ETOBICOKE

### NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

#### 4. CAPITAL ASSETS

	Cost	Accumulated Depreciation	Net 2021	Net 2020
	\$	\$	\$	\$
Office equipment	43,626	41,264	2,362	3,656
Computers	55,866	55,866	-	576
Leasehold improvements	22,932	22,932	-	5,732
	<b>122,424</b>	<b>120,062</b>	<b>2,362</b>	<b>9,964</b>

#### 5. DEFERRED REVENUE

	2021	2020
	\$	\$
<b>Government Grants:</b>		
City of Toronto - operating grant	<b>407,936</b>	436,295
City of Toronto - StreetARToronto	<b>56,163</b>	-
Canada Council for the Arts	<b>55,331</b>	60,000
City of Toronto - ArtworxTO	<b>52,164</b>	-
Ontario Trillium Foundation - Resilient Communities	<b>30,100</b>	-
City of Toronto - Cultural Hotspot	<b>22,212</b>	-
Ontario Arts Council - operating grant	-	20,669
<b>Programming Grants:</b>		
Tweed Collective	<b>22,280</b>	30,000
Kiwanis - youth art show	<b>10,000</b>	-
Lakeshore Arts - Local Discoveries	<b>4,443</b>	-
Telus grant	-	20,000
<b>Other:</b>		
Dean Tudor	-	1,456
	<b>660,629</b>	<b>568,420</b>

#### 6. FINANCIAL INSTRUMENTS and RISK

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's risk exposure and concentrations at the Statement of Financial Position date.

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 Organization is exposed to credit risk on its accounts receivable. This risk is mitigated by regular monitoring and follow up of uncollected amounts.

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 Organization is not exposed to currency or other price risks.

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 Organization is exposed to interest rate risk because of its investments. This risk is low since the investments made are very conservative, short term and do not fluctuate significantly.

## ARTS ETOBICOKE

### NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

#### 6. FINANCIAL INSTRUMENTS and RISK (continued)

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to liquidity risk arising primarily from accounts payable. The Organization expects to meet these obligations as they come due by generating sufficient cash flow from operations.

#### 7. SPONSORSHIPS AND GIFTS IN KIND

Included in revenue and expenses for the year are corporate non-cash gifts in kind of \$53,290 (2020 - \$91,657) pertaining to member communications, \$20,000 pertaining to marketing and promotions, \$9,887 pertaining to artistic consultant fees, and \$16,550 in donated artwork (see note 2 - art collection).

#### 8. COMMITMENTS

The Organization is committed to a three year lease agreement for its operating premises expiring on January 31, 2024. Minimum lease commitments over the next 3 years are as follows.

2022 - \$47,700  
2023 - \$47,700  
2024 - \$27,825

#### 9. CREDIT FACILITIES

The organization has a \$40,000 revolving demand loan available with the Royal Bank of Canada which is due on demand bearing interest at 2.95% per annum. As of year end, the organization has not drawn on this loan.

#### 10. GOVERNMENT GRANTS

	2021	2020
	\$	\$
City of Toronto - Operating Grant	436,295	436,295
Ontario Trillium Foundation	105,000	75,100
Canada Council - Digital Strategies	104,669	90,000
City of Toronto - ArtworxTO	62,792	-
Ontario Arts Council - Operating Grant	41,338	41,338
Toronto Arts Council - Animating Toronto Streets	32,543	12,500
City of Toronto - StreetARToronto (StART) Program	15,037	45,500
Employment & Social Development Canada	8,739	8,727
City of Toronto - Cultural Hot Spots	1,788	2,300
City of Toronto - Spark	-	1,635
	<b>808,201</b>	<b>713,395</b>

#### 11. IMPACT OF COVID-19 PANDEMIC

In March 2020, the World Health Organization declared the outbreak of the novel coronavirus (Covid-19) a global pandemic. The outbreak and continuing spread of Covid-19 and the related disruption to the economy may affect the Organization's operations. Management is continually monitoring and assessing the impact of Covid-19, however, given the significant volatility of the situation, it is not possible to quantify the impact on the Organization's financial position, results of operations and cash flows at this stage.

**ARTS ETOBICOKE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**12. COMPARATIVE FIGURES**

Certain of the 2020 balances have been restated and reclassified to conform to the presentation adopted in 2021.









# Arts Etobicoke - F2021 - Financial Statements

Final Audit Report

2021-10-05

Created:	2021-10-01
By:	Steven Jackson (steve@jandjca.com)
Status:	Signed
Transaction ID:	CBJCHBCAABAAAnRM3Yqw2k_AHnD_xHMRDaubu3YsyZu8v

## "Arts Etobicoke - F2021 - Financial Statements" History

-  Document created by Steven Jackson (steve@jandjca.com)  
2021-10-01 - 12:10:41 PM GMT- IP address: 99.224.5.115
-  Document emailed to Dominique Sanguinetti (d.sanguinetti@snalaw.ca) for signature  
2021-10-01 - 12:11:13 PM GMT
-  Document e-signed by Dominique Sanguinetti (d.sanguinetti@snalaw.ca)  
E-signature obtained using URL retrieved through the Adobe Sign API  
Signature Date: 2021-10-01 - 1:07:12 PM GMT - Time Source: server- IP address: 69.158.246.155
-  Document emailed to Marilyn A Cade (marilyn.cade@outlook.com) for signature  
2021-10-01 - 1:07:14 PM GMT
-  Email viewed by Marilyn A Cade (marilyn.cade@outlook.com)  
2021-10-01 - 2:27:52 PM GMT- IP address: 99.224.93.12
-  Email viewed by Marilyn A Cade (marilyn.cade@outlook.com)  
2021-10-05 - 3:52:31 PM GMT- IP address: 99.224.93.12
-  Document e-signed by Marilyn A Cade (marilyn.cade@outlook.com)  
Signature Date: 2021-10-05 - 3:55:42 PM GMT - Time Source: server- IP address: 99.224.93.12
-  Agreement completed.  
2021-10-05 - 3:55:42 PM GMT