

David Del Marone

2007

NIAGARA ARTISTS' COMPANY

Financial Statements of

NIAGARA ARTISTS' COMPANY

For the year ended June 30, 2007

Income Statement
Balance Sheet
Statement of Cash Flows
Statement of Changes in Equity

David Del Marone

Chairman and President
Niagara Artists' Company

100 West Ontario
Niagara Falls, NY 14301

Popoli Del Monaco

CHARTERED ACCOUNTANTS

15 Albert St. W., Suite 202
Thorold, Ontario, L2V 2G2
Telephone: (905) 680-1565
Telefax: (905) 680-6073
E-Mail: popolidelmonaco@on.aibn.com

76 Division St., Suite 101
Welland, Ontario, L3B 3Z7
Telephone: (905) 734-6303
Telefax: (905) 734-6813

Lucy Popoli, C.A.
Silvana Del Monaco, C.A.

AUDITORS' REPORT

To the Directors of Niagara Artists' Company

We have audited the statement of financial position of the Niagara Artists' Company as at June 30, 2007 and the statement of operations, statement of changes in fund balances, and statement of cash flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many non-for-profit organizations, the organization derives part of its revenue from fundraising, lottery and donation activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenditures, assets and fund balances.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the fundraising, lottery and donation revenue referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Niagara Artists' Company as at June 30, 2007 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Popoli Del Monaco

Chartered Accountants
Licensed Public Accountants

Thorold, Canada
October 29, 2007

NIAGARA ARTISTS' COMPANY

Statement of Operations

For the year ended June 30, 2007, with comparatives for the year ended June 30, 2006

	2007	2006
Revenue:		
Grant revenue (Schedule 1)	\$ 128,312	\$ 131,833
Bingo revenue	11,618	15,982
Donations	5,475	6,499
General fundraising	11,607	4,767
Merchandise fundraising	5,428	270
Membership revenue	4,795	4,605
Rental revenue	6,698	764
Miscellaneous revenue	357	2,893
	<u>174,290</u>	<u>167,613</u>
Expenditures:		
Advertising	1,590	3,895
Artist fees	13,438	17,404
Artist travel and transportation	551	1,435
Bank charges and interest	1,001	720
Depreciation	11,455	6,867
Documentation	5,613	3,510
General fundraising expenses	3,262	2,916
Merchandise and publication expense	5,588	251
Honorariums	908	932
Hospitality expenses	1,779	756
Installation of exhibits	2,941	1,925
Insurance	3,386	3,370
Office expenses	2,288	5,019
Professional development	7,768	6,922
Professional fees	4,475	5,172
Property taxes	5,018	3,008
Repairs and maintenance	1,432	3,016
Subscriptions and memberships	1,006	704
Telephone	1,124	1,906
Utilities	10,219	8,319
Wages and benefits	75,662	78,698
SCCIP sponsorship program expenses	12,420	10,600
	<u>172,924</u>	<u>167,345</u>
Excess of revenue over expenditures	<u>\$ 1,366</u>	<u>\$ 268</u>

See accompanying notes to financial statements.

NIAGARA ARTISTS' COMPANY

Statement of Changes in Fund Balances

For the year ended June 30, 2007, with comparatives for the year ended June 30, 2006

	General Fund	Invested in Capital Assets	2007 Total	2006 Total
Balance, beginning of year	(\$ 9,125)	\$ 20,377	\$ 11,252	\$ 10,984
Excess of revenue over expenditures (expenditures over revenue)	12,821	(11,455)	1,366	268
Investment in capital assets (net)	(4,558)	4,558	-	-
Balance, end of year	(\$ 862)	\$ 13,480	\$ 12,618	\$ 11,252

See accompanying notes to financial statements.

NIAGARA ARTISTS' COMPANY

Statement of Cash Flows

For the year ended June 30, 2007, with comparatives for the year ended June 30, 2006

	2007	2006
Cash provided by (used in):		
Operating Activities:		
Excess of revenue over expenditures	\$ 1,366	\$ 268
Items not affecting cash		
Amortization of capital assets	11,455	6,867
Change in non-cash operating working capital		
Accounts receivable	(4,905)	1,847
GST rebate receivable	(1,491)	(4,756)
Prepaid expenses	(4,800)	(1,240)
Accounts payable and accrued liabilities	1,078	(585)
Deferred revenue - operating	(17,181)	74,727
Deferred revenue - SCCIP sponsorship program	-	(2,100)
	(14,478)	75,028
Investing Activities:		
Acquisition of capital assets (net)	(4,558)	(256,241)
Mortgage payable	-	259,900
Receipt of deferred contributions (net)	-	(17,109)
	(4,558)	(13,450)
Increase (decrease) in cash position	(19,036)	61,578
Cash position, beginning of year	69,671	8,093
Cash position, end of year	\$ 50,635	\$ 69,671

See accompanying notes to financial statements.

NIAGARA ARTISTS' COMPANY**SCHEDULE 1**

Schedule of Grant Revenue

For the year ended June 30, 2007, with comparatives for the year ended June 30, 2006

	2007	2006
Grant Revenue:		
Canada Council for the Arts	\$ 41,000	\$ 41,000
Ontario Art Council	19,200	19,200
HRDC	4,200	9,585
Brock University Faculty of Business	2,000	1,000
Trillium Foundation	29,431	20,773
District School Board of Niagara	221	1,125
Niagara Community Foundation	140	2,560
Canadian Arts and Heritage	1,350	13,240
City of St. Catharines	1,350	-
SCCIP - operating	12,000	12,750
SCCIP - development	5,000	-
SCCIP - sponsorship program revenue	12,420	10,600
	<u>\$ 128,312</u>	<u>\$ 131,833</u>

See accompanying notes to financial statements.

NIAGARA ARTISTS' COMPANY

Notes to Financial Statements, page 1

For the year ended June 30, 2007

The Niagara Artists' Company is incorporated under the laws of Ontario, as a corporation without share capital and is a non-profit organization, committed to exhibiting art. Niagara Artists' Company is a registered charity under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

1. Summary of Significant Accounting Policy:

(a) Revenue Recognition:

Niagara Artists' Company 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. Other types of income are recognized as revenue when earned.

(b) Donated services:

The organization does not record the value of donated services in the financial statements.

(c) Capital Assets:

Acquisitions of capital assets are recorded at cost. Contributed capital assets are recorded at the fair value of the asset at the time of contribution. Amortization is provided at rates as set out below with half the rate being used in the year of addition on the declining balance method.

Asset	Basis	Rate
Building	Declining balance	4%
Computer equipment	Declining balance	30%
Equipment	Declining balance	20%

2. Use of Estimates:

The preparation of the organization's financial statement in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from such estimates.

NIAGARA ARTISTS' COMPANY

Notes to Financial Statements, page 2

For the year ended June 30, 2007

3. Capital Assets:

	Cost	Accumulated Depreciation	Net Book Value 2007	Net Book Value 2006
Land	\$ 67,027	\$ -	\$ 67,027	\$ 67,027
Building	205,975	12,060	193,915	198,517
Computer equipment	7,061	6,158	903	3,648
Equipment	25,303	13,768	11,535	11,085
	<u>\$ 305,366</u>	<u>\$ 31,986</u>	<u>\$ 273,380</u>	<u>\$ 280,277</u>

4. Deferred Revenue - Grants:

During the year, the organization received grant monies from organizations. Certain grants have been deferred as they relate to the 2008 fiscal year end. Other monies have been deferred and will be realized when the monies are expended.

	2007	2006
Balance, beginning of year	\$ 74,727	\$ -
Received during the year	58,250	95,500
Realized as revenue	(75,431)	(20,773)
Balance, end of year	<u>\$ 57,546</u>	<u>\$ 74,727</u>

5. Mortgage payable:

Mortgage payable consists of the following:	2007	2006
Mortgage payable - secured by real property at 354 St. Paul Street; bearing interest at 8.0%; repayment terms as in note 6.	<u>\$ 259,900</u>	<u>\$ 259,900</u>
	<u>\$ 259,900</u>	<u>\$ 259,900</u>

NIAGARA ARTISTS' COMPANY

Notes to Financial Statements, page 3

For the year ended June 30, 2007

6. Purchase of Real Property:

In a prior year, the organization purchased real property from which it carries on its activities at 354 St. Paul Street. This property was purchased from a member of the Board of Directors of the organization in the amount of \$260,000. The vendor took back a mortgage for the full amount less a deposit of \$100. Mortgage payments are deferred until January 2008 at which time the parties to the mortgage will make a determination as to payment commencement.

7. Audrey Schimizu Memorial Donations:

The organization has entered into an agreement with the Niagara Community Foundation whereby the Foundation will hold on deposit for the Niagara Artists' Company monies relating to the Audrey Schimizu Memorial donations. The Foundation will invest the monies and distribute the earnings from the investment annually to the Niagara Artists' Company. As at the year end the capital amount on deposit was \$11,613.

8. Fundraising Campaign:

As at the auditors' report date, the organization is continuing to develop a fundraising campaign. The Board of Directors of the organization has pledged to the campaign. As at the year end, the outstanding pledges therein, are \$12,600 and will be collected over a period of five years. These amounts are not reflected in the financial statements presented.

9. Financial Instruments:

The fair values of cash, accounts receivable and accounts payable and accrued liabilities approximate their recorded values.

10. Comparative Amounts:

Certain comparative amounts from 2006 have been reclassified to conform to the presentation adopted for 2007.

NIAGARA ARTISTS' COMPANY

Notes to Financial Statements, page 3

For the year ended June 30, 2006

6. Mortgage payable:

Mortgage payable consists of the following:	2006	2005
Mortgage payable - secured by real property at 354 St. Paul Street; bearing interest at 8.0%; repayment terms as in note 7.	\$ 259,900	\$ -
	<u>\$ 259,900</u>	<u>\$ -</u>

7. Purchase of Real Property:

During the year, the organization purchased real property from which it will carry on its activities at 354 St. Paul Street. This property was purchased from a member of the Board of Directors of the organization in the amount of \$260,000. The vendor took back a mortgage for the full amount less a deposit of \$100. Mortgage payments are deferred until January 2008 at which time the parties to the mortgage will make a determination as to payment commencement.

8. Audrey Schimizu Memorial Donations:

The organization has entered into an agreement with the Niagara Community Foundation whereby the Foundation will hold on deposit for the Niagara Artists' Company monies relating to the Audrey Shimizu Memorial donations. The Foundation will invest the monies and distribute the earnings from the investment annually to the Niagara Artists' Company. As at the year end the amount on deposit was \$10,000.

9. Fundraising Campaign:

During the year, the organization commenced the planning of a fundraising campaign "Ideas In Site". As at the auditors' report date, the planning is in the final stages and is to be formally launched in June 2007. The Board of Directors of the organization have pledged to the campaign. As at the year end, the outstanding pledges therein, are \$14,675 and will be collected over a period of five years. These amounts are not reflected in the financial statements presented.

10. Financial Instruments:

The fair values of cash, accounts receivable and accounts payable and accrued liabilities approximate their recorded values.

11. Comparative Amounts:

Certain comparative amounts from 2005 have been reclassified to conform to the presentation adopted for 2006.