

Financial Statements of

**NIAGARA ARTISTS' COMPANY**

For the year ended June 30, 2009

# **Popoli Del Monaco**

CHARTERED ACCOUNTANTS

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**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, 2009 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, rents, lottery, membership 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, rents, lottery, membership 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, 2009 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**  
**January 28, 2010**

# NIAGARA ARTISTS' COMPANY

## Statement of Financial Position

June 30, 2009, with comparatives for June 30, 2008


	2009	2008
<b>Assets</b>		
Current Assets:		
Cash and short-term investments	\$ 30,694	\$ 87,085
Accounts receivable	15,295	9,294
GST recoverable	3,059	1,302
Inventory	12,716	-
Prepaid expenses	340	5,039
	<u>62,104</u>	<u>102,720</u>
Capital Assets (note 2):		
Land	67,027	67,027
Building	256,378	209,212
Computer equipment	9,934	7,061
Furnishings	25,605	25,605
Installation and resource equipment	12,965	-
	<u>371,909</u>	<u>308,905</u>
Less: accumulated depreciation	55,478	42,517
	<u>316,431</u>	<u>266,388</u>
	<u>\$ 378,535</u>	<u>\$ 369,108</u>

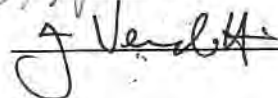
## Liabilities and Fund Balances

Current Liabilities:		
Accounts payable and accrued liabilities	\$ 43,292	\$ 11,671
Deferred revenue - operating grants (note 3)	1,000	59,250
Current portion of mortgage payable (note 4)	3,974	3,675
	<u>48,266</u>	<u>74,596</u>
Mortgage payable (note 4)	251,958	255,932
Deferred contributions - capital (note 5)	32,019	-
Fund Balances:		
General fund	17,812	31,799
Invested in capital assets	28,480	6,781
	<u>46,292</u>	<u>38,580</u>
	<u>\$ 378,535</u>	<u>\$ 369,108</u>

See accompanying notes to financial statements.

On behalf of the Board:

 Director

 Director

# NIAGARA ARTISTS' COMPANY

## Statement of Operations

For the year ended June 30, 2009, with comparatives for the year ended June 30, 2008

	2009	2008
<b>Revenue:</b>		
Grant revenue (Schedule 1)	\$ 122,502	\$ 111,148
Bingo revenue	5,736	7,390
Donations	19,444	42,052
General fundraising	55,366	59,711
Merchandise fundraising	8,942	1,844
Membership revenue	8,775	7,269
Rental revenue	13,855	8,155
Miscellaneous revenue	753	424
Amortization of deferred contributions - capital	1,781	-
	<u>237,154</u>	<u>237,993</u>
<b>Expenditures:</b>		
Advertising	1,671	2,237
Artist, exhibition and performance fees	19,112	15,156
Artist travel and transportation	1,429	3,021
Bank and credit card charges	3,102	1,375
Contracted services	3,384	7,696
Depreciation	12,961	10,529
Documentation	11,390	3,780
General fundraising expenses	30,620	57,537
Merchandise and art sales expense	6,268	2,282
Hospitality expenses	3,509	1,544
Installation of exhibits	1,215	1,949
Insurance	3,272	3,272
Interest on long-term debt	20,300	1,704
Office expenses	4,493	3,596
Professional development	355	470
Professional fees	8,596	4,643
Property taxes	974	1,243
Repairs and maintenance	1,625	3,314
Subscriptions and memberships	839	385
Telephone	1,543	1,299
Utilities	9,889	9,404
Wages and benefits	69,845	72,875
SCCIP sponsorship program expenses	13,050	2,720
	<u>229,442</u>	<u>212,031</u>
<b>Excess of revenue over expenditures</b>	<u>\$ 7,712</u>	<u>\$ 25,962</u>

See accompanying notes to financial statements.

## NIAGARA ARTISTS' COMPANY

### Statement of Changes in Fund Balances

For the year ended June 30, 2009, with comparatives for the year ended June 30, 2008

	<b>General Fund</b>	<b>Invested in Capital Assets</b>	<b>2009 Total</b>	<b>2008 Total</b>
Balance, beginning of year	\$ 31,799	\$ 6,781	\$ 38,580	\$ 12,618
Excess of revenue over expenditures (expenditures over revenue)	18,892	(11,180)	7,712	25,962
Investment in capital assets	(32,879)	32,879	—	—
<b>Balance, end of year</b>	<b>\$ 17,812</b>	<b>\$ 28,480</b>	<b>\$ 46,292</b>	<b>\$ 38,580</b>

See accompanying notes to financial statements.

**NIAGARA ARTISTS' COMPANY****SCHEDULE 1**

## Schedule of Grant Revenue

For the year ended June 30, 2009, with comparatives for the year ended June 30, 2008

	2009	2008
<b>Grant Revenue:</b>		
Canada Council for the Arts	\$ 49,200	\$ 41,000
Canada Council for the Arts - SOFI	—	11,163
Ontario Art Council	26,600	24,200
HRDC	3,280	2,183
Ministry of Training, Colleges and Universities	6,372	3,456
Trillium Foundation	—	14,296
Niagara Community Foundation	—	130
Artsvest	6,500	—
SCCIP - operating	15,000	12,000
SCCIP - development	2,500	—
SCCIP - sponsorship program revenue	13,050	2,720
	<b>\$ 122,502</b>	<b>\$ 111,148</b>

See accompanying notes to financial statements.

# NIAGARA ARTISTS' COMPANY

## Statement of Cash Flows

For the year ended June 30, 2009, with comparatives for the year ended June 30, 2008

	2009	2008
Cash provided by (used in):		
<b>Operating Activities:</b>		
Excess of revenue over expenditures	\$ 7,712	\$ 25,962
Items not affecting cash		
Amortization of deferred contributions	(1,781)	—
Amortization of capital assets	12,961	10,529
Change in non-cash operating working capital		
Accounts receivable	(6,001)	(1,033)
GST recoverable	(1,757)	6,467
Inventory	(12,716)	—
Prepaid expenses	4,699	1,636
Accounts payable and accrued liabilities	31,621	(4,985)
Deferred revenue - operating grants	(58,250)	1,704
	(23,512)	40,280
<b>Investing Activities:</b>		
Acquisition of capital assets	(63,004)	(3,537)
Deferred contributions - capital received	33,800	—
	(29,204)	(3,537)
<b>Financing Activities:</b>		
Mortgage payable (repayment)	(3,675)	(293)
	(3,675)	(293)
Increase (decrease) in cash position	(56,391)	36,450
Cash position, beginning of year	87,085	50,635
<b>Cash position, end of year</b>	<b>\$ 30,694</b>	<b>\$ 87,085</b>

Cash is defined so as to include short-term investments.

See accompanying notes to financial statements.

# NIAGARA ARTISTS' COMPANY

Notes to Financial Statements, page 1

For the year ended June 30, 2009

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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, such as donations, fundraising, and membership are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Rental revenue is recognized as revenue when earned.

### (b) Short-term investments consists of a guaranteed investment certificate in the amount of \$10,000 bearing interest at 2.00% which matures August 28, 2009.

### (c) Inventory:

Inventory consists of catalogues and is valued at the lower of cost and net realizable value. Cost has been determined on the first-in, first-out basis.

### (d) 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%
Furnishings	Declining balance	20%
Installation and resource equipment	Declining balance	30%

### (e) 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.

(Con'd)



# NIAGARA ARTISTS' COMPANY

Notes to Financial Statements, page 2

For the year ended June 30, 2009

## 1. Summary of Significant Accounting Policy (con'd):

(f) Donated services:

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

(g) Financial instruments

The organization has adopted CICA Handbook Section 3855, Financial Instruments - Recognition and Measurement; CICA Handbook Section 3865, Hedges; and the amendments to CICA handbook Sections and Accounting Guidelines resulting from the issuance of these Sections. Under the new standards, all financial assets must be classified as held-to-maturity, loans and receivables, held-for-trading, or available-for-sale and all financial liabilities must be classified as held-for-trading or other. Financial instruments classified as held-for-trading will be measured at fair value with changes in fair value recognized in net income. Financial assets classified as held-to-maturity or as loans and receivables and financial liabilities not classified as held-for-trading will be measured at amortized cost. Available-for-sale financial assets will be measured at fair value.

The organization has classified its financial instruments as follows:

Cash and short-term investments	Held-for-Trading
Receivables	Loans and Receivables
Accounts payable and accrued liabilities	Other Liabilities
Mortgage payable	Other Liabilities

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, currency, or credit risks arising from these financial instruments.

## 2. Capital Assets:

	Cost	Accumulated Depreciation	Net Book Value 2009	Net Book Value 2008
Land	\$ 67,027	\$ -	\$ 67,027	\$ 67,027
Building	256,378	28,398	227,980	189,330
Computer equipment	9,934	7,049	2,885	632
Furnishings	25,605	18,086	7,519	9,399
Installation and resource equipment	12,965	1,945	11,020	-
	<u>\$ 371,909</u>	<u>\$ 55,478</u>	<u>\$ 316,431</u>	<u>\$ 266,388</u>

## NIAGARA ARTISTS' COMPANY

Notes to Financial Statements, page 3

For the year ended June 30, 2009

### 3. Deferred Revenue - Operating Grants:

During the year, the organization received grant monies from organizations. Certain grants have been deferred as they relate to the 2010 fiscal year end.

	2009	2008
Balance, beginning of year	\$ 59,250	\$ 57,546
Received during the year	1,000	59,720
Realized as revenue	(59,250)	(58,016)
<u>Balance, end of year</u>	<u>\$ 1,000</u>	<u>\$ 59,250</u>

### 4. Mortgage payable:

Mortgage payable consists of the following:	2009	2008
Mortgage payable - secured by real property at 354 St. Paul Street; bearing interest at 8.0%; the mortgage is held by a member of the Board of Directors of the organization	<u>\$ 255,932</u>	<u>\$ 259,607</u>
Less: Current portion	<u>(3,974)</u>	<u>(3,675)</u>
	<u>\$ 251,958</u>	<u>\$ 255,932</u>

The principal payments over the next five years are as follows:

2010	\$ 3,974
2011	4,299
2012	4,650
2013	5,029
2014	5,439

Total interest expense on the long-term debt charged for the year is \$20,300.

## NIAGARA ARTISTS' COMPANY

Notes to Financial Statements, page 4

For the year ended June 30, 2009

### 5. Deferred Contributions - Capital:

During the year, the organization received government capital contributions to be used to acquire capital assets. The grant monies are being amortized to revenue over the estimated useful lives of the assets acquired.

	2009	2008
Balance, beginning of year	\$ -	\$ -
Canadian Heritage grant	16,500	-
City of St. Catharines grants	17,300	-
	33,800	-
Amortized to revenue	(1,781)	
Balance, ending of year	\$ 32,019	\$ -

### 6. Contributed Goods:

The organization received \$550 in donated goods for which charitable donation receipts were issued for its charity fundraisers and related activities. These donated goods are valued at fair market value and are not recorded in the financial statements.

### 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 (2009 - \$294; 2008 - \$557). As at the year end the capital amount on deposit was \$10,634.

### 8. Capital Disclosure:

The organization considers its capital to be the balance maintained in its fund balances. The primary objective of the organization is to invest its capital in a manner that will allow it to continue as a going concern and comply with its stated objectives. Capital is invested under the direction of the Board of Directors of the organization with the objective of providing a reasonable rate of return, minimizing risk and ensuring adequate liquid investments are on hand for current cash flow requirements. The organization is not subject to any externally imposed requirements of its capital.

### 9. Comparative Amounts:

Certain comparative amounts from 2008 have been reclassified to conform to the presentation adopted for 2009.