

**MABELLEarts**  
**Financial Statements**  
**July 31, 2016**

# **MABELLEarts**

## **Financial Statements**

**July 31, 2016**

### **Index**

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Independent Auditors' Report	1
FINANCIAL STATEMENTS	
Balance Sheet	2
Statement of Revenue and Expenses and Net Assets	3
Statement of Cash Flows	4
Notes to Financial Statements	5-6



November 26, 2016

## **Independent Auditors' Report**

To the Board of Directors of MABELLEarts

We have audited the accompanying financial statements of MABELLEarts, which comprise the balance sheet as at July 31, 2016, and the statements of revenue and expenses and 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.

### **Auditors' responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of MABELLEarts as at July 31, 2016, and its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

A handwritten signature in dark ink that reads 'Chaplin &amp; Co.' followed by a horizontal line.

Chartered Accountants  
Licensed Public Accountants

Roger Chaplin CPA, CA LPA MA [Oxon] Gail Bergman CPA, CA LPA B Comm

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	Note	July 31	
		2016	2015
<b>Assets</b>			
Current			
Cash		\$ 50,888	\$ 16,910
Accounts receivable		11,334	13,328
GST/HST recoverable		6,044	5,658
Loan receivable from Making Room Community Arts	2	5,800	-
Prepaid expenses		663	4,571
		<u>\$ 74,729</u>	<u>\$ 40,467</u>
<b>Liabilities</b>			
Current			
Accounts payable and accrued liabilities		\$ 10,426	\$ 4,349
Government remittances payable		-	4,385
Deferred revenue	3	33,000	20,000
		<u>43,426</u>	<u>28,734</u>
<b>Net assets</b>		<u>31,303</u>	<u>11,733</u>
		<u>\$ 74,729</u>	<u>\$ 40,467</u>

See accompanying notes

Approved on behalf of the Board of Directors of  
MABELLEarts:

  
Kris Erickson, Chair

  
Beth Helmers, Director

	Notes	Year ended July 31	
		2016	2015
Revenue			
Grants			
Ontario Trillium Foundation		\$ 118,900	\$ 59,000
Federal, provincial and municipal governments		31,874	30,824
Ontario Arts Council		28,000	28,000
Private foundations		55,000	36,931
Toronto Arts Council - operating		20,000	20,000
Toronto Arts Council - other		17,000	10,000
		<u>270,774</u>	<u>184,755</u>
Contributions		9,385	10,420
Contributions-in-kind	4	32,750	40,215
Consulting fees		14,487	25,145
Co-presenter fees		2,301	5,445
		<u>329,697</u>	<u>265,980</u>
Expenses			
Artistic			
Artistic salaries and benefits		75,561	54,786
Artist staff fees		43,914	29,197
Community honorarium and fees		18,339	14,920
Production and technical fees		6,761	14,655
Project activities		33,232	23,158
Workshop, studio and kitchen rent		23,550	25,550
		<u>201,357</u>	<u>162,266</u>
Administrative			
Marketing		4,125	1,462
Office and general		30,515	19,930
Professional fees		4,407	4,002
Office rent		5,200	3,808
Staff		21,258	25,505
		<u>65,505</u>	<u>54,707</u>
Fundraising		<u>43,265</u>	<u>43,584</u>
		<u>310,127</u>	<u>260,557</u>
Excess of revenue over expenses for the year		19,570	5,423
Net assets, beginning of year		11,733	6,310
Net assets, end of year		<u>\$ 31,303</u>	<u>\$ 11,733</u>

See accompanying notes

	Year ended July 31	
	2016	2015
Cash provided by (used in):		
Operations		
Excess of revenue over expenses for the year	\$ 19,570	\$ 5,423
Increase (decrease) in non-cash working capital		
Accounts receivable	1,994	15,372
GST/HST recoverable	(386)	(2,227)
Prepaid expenses	3,908	732
Accounts payable and accrued liabilities	6,077	(19,906)
Government remittance payable	(4,385)	949
Deferred revenue	13,000	14,000
	<u>39,778</u>	<u>14,343</u>
Cash used financing activities		
Loan receivable from Making Room Community Arts	(5,800)	-
	<u>33,978</u>	<u>14,343</u>
Change in cash during year		
	<u>16,910</u>	<u>2,567</u>
Cash, beginning of year		
	<u>\$ 50,888</u>	<u>\$ 16,910</u>

See accompanying notes



MABELLEarts, which received its Letters Patent as a corporation without share capital under the Ontario Business Corporations Act on July 9, 2009, brings together people of all ages, backgrounds and abilities to make art, tell stories and creatively transform the place that is Mabelle, a Toronto Community Housing Complex in Etobicoke, Ontario.

MABELLEarts obtained its status as a charitable organization on January 7, 2014. As a charitable organization, it is exempt from income taxes under paragraph 149 (1)(1) of the Income Tax Act.

## **1. Summary of significant accounting policies**

### **Basis of presentation**

These financial statements have been prepared using the Canadian accounting standards for not-for-profit organizations.

### **Financial instruments**

The organization initially measures its financial assets and liabilities at fair value. The organization subsequently measures all its financial assets and financial liabilities at amortized cost. Financial assets measured at amortized cost include cash, accounts receivable and GST/HST recoverable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and government remittances payable. The organization has not designated any financial asset or financial liability to be measured at fair value.

### **Revenue recognition**

The organization follows the deferral method of accounting for contributions. Restricted contributions received under contribution agreements are recognized as revenue in the year in which the related expenses are incurred. Other 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. Amounts received that relate to future fiscal periods are recorded as deferred revenue.

Fundraising events are recognized as revenues at the time of the events.

Interest income is recognized as revenue when earned.

Contributions-in-kind are recorded at their estimated fair value.

### **Allocation of expenses**

The organization works with professional artists and community members to produce art, tell stories and creatively transform the Mabelle neighbourhood.

The costs of each of these activities includes the costs of personnel and other expenses that are directly related to providing the activities. The organization also incurs a number of general support expenses that are common to the administration of the organization and each of its programs.

General support expenses such as bank charges, office and general expenses, occupancy costs, professional fees and services and staff salaries and benefits are allocated to artistic and fundraising programmes. The allocation amounts are based on the proportion of the completion of the defined project within budgeted limits that are supported by committed funding and donations. Project progress and the percentage completed is reviewed monthly and the allocation of common costs adjusted accordingly.

**1. Summary of significant accounting policies (continued)**
**Contributed services**

The work for the organization is dependent on the voluntary services of many members. Because these services are not normally purchased by the organization and because of the difficulty in determining their fair market value, contributed services are not recognized in these financial statements.

**Use of estimates**

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations require management 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 revenues and expenses during the year. Significant items subject to such estimates and assumptions include valuation of accounts receivable, inventory and the estimated useful life of fixed assets. Actual results may differ from those estimates.

**2. Loan receivable from Making Room Community Arts**

This loan is unsecured, non-interest bearing and is to be repaid by March 1, 2017.

**3. Deferred revenue**

	Balance, beginning of year	Contributions received during year	Utilized during the year	Balance, end of year
Toronto Arts Council				
Project grant	\$ -	\$ 9,000	\$ -	\$ 9,000
Operating grant	20,000	24,000	20,000	24,000
	<u>\$ 20,000</u>	<u>\$ 33,000</u>	<u>\$ 20,000</u>	<u>\$ 33,000</u>

**4. Contributions-in-kind**

During the year, the organization received contributions-in-kind of \$30,350 (2015 - \$40,215) which were included in the following expenses:

	2016	2015
Administrative staff	-	2,500
Artistic staff fees	\$ 2,200	\$ 6,515
Community honorarium and fees	300	-
Office rent	4,600	3,600
Production and technical fees	2,100	-
Project activities	-	2,050
Workshop, studio and kitchen rent	23,550	25,550
	<u>\$ 32,750</u>	<u>\$ 40,215</u>

**5. Financial instruments**

The Board of Directors' believe that the organization is not exposed to significant credit, currency, or interest rate risk from its financial instruments.