

**MABELLEarts**

**Financial Statements**

**July 31, 2020**

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## **Financial Statements**

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January 18, 2021

## **Independent Auditors' Report**

To the Board of Directors of MABELLEarts

### **Opinion**

We have audited the financial statements of MABELLEarts, which comprise the balance sheet as at July 31, 2020, and the statements of revenue and expenses and net assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the MABELLEarts as at July 31, 2020, and its financial performance and its 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the MABELLEarts 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 the 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 the financial statements, management is responsible for assessing the MABELLEarts's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the MABELLEarts or to cease operations, or has no realistic alternative but to do so.

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

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

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**Auditors' responsibilities for the audit of the financial statements**

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 auditors' 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 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 MABELLEarts'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 MABELLEarts's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to 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 auditors' report. However, future events or conditions may cause the MABELLEarts to cease to continue as a going concern.

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.

*Chaplin & Co.*

Chartered Accountants  
Licensed Public Accountants  
Toronto, Ontario

		July 31	
	Note	2020	2019
<b>Assets</b>			
Current			
Cash and cash equivalents		\$ 805,450	\$ 527,192
Accounts receivable		3,827	1,500
COVID-19 wage subsidies receivable		66,160	-
Grants receivable	2	8,000	121,416
GST/HST recoverable		7,992	3,398
Prepaid expenses		1,868	3,861
		<u>\$ 893,297</u>	<u>\$ 657,367</u>
<b>Liabilities</b>			
Current			
Accounts payable and accrued liabilities		\$ 36,806	\$ 11,810
Government remittances payable		10,969	12,086
Deferred revenue	3	719,338	587,867
		<u>767,113</u>	<u>611,763</u>
<b>Net assets</b>		<u>126,184</u>	<u>45,604</u>
		<u>\$ 893,297</u>	<u>\$ 657,367</u>

See accompanying notes

 Approved on behalf of the Board of Directors of  
**MABELLEarts:**
  
 \_\_\_\_\_  
 Sujata Thapa-Bhattarai, Chair

  
 \_\_\_\_\_  
 Kris Erickson, Treasurer



		Year ended July 31	
	Notes	2020	2019
Revenue			
Contributions		\$ 3,322	\$ 848
Contributions-in-kind	4	27,150	27,150
Co-presenter fees		9,177	11,353
Grants	3	479,220	419,112
COVID-19 wage subsidies		71,842	-
Interest income		10,177	6,008
		<u>600,888</u>	<u>464,471</u>
Expenses			
Artistic			
Artistic salaries and benefits		214,338	172,322
Artist staff fees		76,336	80,092
Community honorarium and fees		8,827	7,419
Production and technical fees		18,848	7,858
Project activities		21,692	60,345
Workshop, studio and kitchen rent		23,550	23,550
		<u>363,591</u>	<u>351,586</u>
Administrative			
Marketing		10,407	8,428
Consulting		14,434	3,879
Office and general		26,728	18,594
Professional fees		8,735	5,197
Office rent		3,600	3,600
Staff		92,813	66,701
		<u>156,717</u>	<u>106,399</u>
Fundraising		<u>-</u>	<u>22</u>
		<u>520,308</u>	<u>458,007</u>
Excess of revenue over expenses for the year		80,580	6,464
Net assets, beginning of year		<u>45,604</u>	<u>39,140</u>
Net assets, end of year		<u>\$ 126,184</u>	<u>\$ 45,604</u>

See accompanying notes

	Year ended July 31	
	2020	2019
Cash provided by (used in):		
Operations		
Excess of revenue over expenses for the year	\$ 80,580	\$ 6,464
Increase (decrease) in non-cash working capital		
Accounts receivable	(2,327)	(1,500)
COVID-19 wage subsidies receivable	(66,160)	-
Grants receivable	113,416	(113,796)
GST/HST recoverable	(4,594)	13,456
Prepaid expenses	1,993	2,876
Accounts payable and accrued liabilities	24,996	(4,732)
Government remittance payable	(1,117)	3,246
Deferred revenue	131,471	(5,926)
	<u>278,258</u>	<u>(99,912)</u>
Change in cash and cash equivalents during year	278,258	(99,912)
Cash and cash equivalents, beginning of year	<u>527,192</u>	<u>627,104</u>
Cash and cash equivalents, end of year	<u>\$ 805,450</u>	<u>\$ 527,192</u>
Represented by:		
Cash	\$ 364,771	\$ 96,566
Term deposits due within one year	440,679	430,626
	<u>\$ 805,450</u>	<u>\$ 527,192</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.

### **Cash and cash equivalents**

Cash and cash equivalents include cash and highly liquid short-term investments with maturities of three months or less.

### **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.



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

**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. Grants receivable**

	2020	2019
Economic and Social Development Canada	\$ -	\$ 21,416
Greater Toronto Airports Authority	-	100,000
Catherine Donnelly Foundation	3,000	-
Ontario Ministry for Seniors and Accessibility	5,000	-
	<u>\$ 8,000</u>	<u>\$ 121,416</u>

**3. Deferred revenue**

	Balance beginning of year	Contributions received during year	Recognized during the year	Balance end of year
Canada Council for the Arts	\$ -	\$ 77,500	\$ 68,797	\$ 8,703
Catherine Donnelly Foundation	15,000	3,000	18,000	-
Cultural Human Resources Council	-	7,500	7,500	-
City of Toronto				
Section 37	480,474	-	29,040	451,434
Economic and Social Development				
Canada				
Summer student grant	-	37,747	19,368	18,379
Youth Services	14,827	101,351	96,992	19,186
New Horizon	13,000	-	12,300	700
Greater Toronto Airports Authority				
Mabelle Leaders program	34,989	100,000	54,498	80,491
Immigration, Refugees and Citizenship				
Canada	-	65,795	17,404	48,391
Ontario Arts Council	-	32,794	32,794	-
Ontario Ministry of Citizenship and				
Immigration	1,829	-	1,829	-
Ontario Ministry of Seniors and				
Accessibility	-	25,000	25,000	-
Public Space Incubator	-	36,000	16,980	19,020
StorefrontHumber	-	10,000	10,000	-
Toronto Arts Council				
Project (ii)	3,748	-	3,748	-
Operating grant	24,000	24,000	24,000	24,000
Toronto Arts Council	-	50,004	4,943	45,061
The W. Garfield Weston Foundation	-	40,000	36,027	3,973
	<u>\$ 587,867</u>	<u>\$ 610,691</u>	<u>\$ 479,220</u>	<u>\$ 719,338</u>

**4. Contributions-in-kind**

During the year, the organization received contributions-in-kind from Toronto Community Housing of \$27,150 (2019 - \$27,150) which were included in the following expenses:

	2020	2019
Office rent	\$ 3,600	\$ 3,600
Workshop, studio and kitchen rent	23,550	23,550
	<u>\$ 27,150</u>	<u>\$ 27,150</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.

**6. Subsequent events**

Subsequent to the year-end, the organization received notification of the following grants for its fiscal year ending July 31, 2021:

Second Harvest	\$ 20,000
Ministry of Tourism Culture and Sports - Summer experience	3,658
Weston Family Foundation	10,000
City of Toronto - Artworx	40,000
	<hr/>
	\$ 73,658

**7. COVID-19**

The outbreak of the COVID-19 virus has resulted in the federal and provincial governments enacting emergency measures to contain the spread of the virus. These measures, including physical and social distancing, have resulted in an uncertain and challenging economic environment.

To date, COVID-19 has not adversely affected the organization's operations and sources of funding.