

MABELLEarts

Financial Statements

July 31, 2018

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January 21, 2019

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, 2018, 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, 2018, 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 black ink that reads 'Chaplin & Co.' with a horizontal line underneath.

Chartered Accountants
Licensed Public Accountants

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

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		July 31	
	Note	2018	2017
Assets			
Current			
Cash		\$ 627,104	\$ 12,305
Accounts receivable		-	11,505
Grants receivable	2	7,620	472,440
GST/HST recoverable		16,854	11,994
Prepaid expenses		6,737	710
		<u>\$ 658,315</u>	<u>\$ 508,954</u>
Liabilities			
Current			
Accounts payable and accrued liabilities		\$ 16,542	\$ 25,925
Government remittances payable		8,840	3,385
Deferred revenue	3	593,793	440,890
		<u>619,175</u>	<u>470,200</u>
Net assets		<u>39,140</u>	<u>38,754</u>
		<u>\$ 658,315</u>	<u>\$ 508,954</u>

See accompanying notes

Approved on behalf of the Board of Directors of
MABELLEarts:



Kris Erickson, Chair



Beth Helmers, Treasurer

	Notes	Year ended July 31	
		2018	2017
Revenue			
Contributions		5,859	30,684
Contributions-in-kind	5	27,150	28,513
Co-presenter fees		-	11,505
Grants (page 4)		463,832	274,005
Interest income		3,308	-
		<u>500,149</u>	<u>344,707</u>
Expenses			
Artistic			
Artistic salaries and benefits		196,531	111,290
Artist staff fees		73,885	48,336
Community honorarium and fees		8,681	16,513
Production and technical fees		1,485	2,771
Project activities		55,303	37,534
Workshop, studio and kitchen rent		23,550	23,550
		<u>359,435</u>	<u>239,994</u>
Administrative			
Marketing		11,439	1,329
Consulting		9,864	-
Office and general		33,626	30,639
Professional fees		13,268	4,662
Office rent		3,600	3,000
Staff		66,807	9,038
		<u>138,604</u>	<u>48,668</u>
Fundraising		<u>1,724</u>	<u>48,594</u>
		<u>499,763</u>	<u>337,256</u>
Excess of revenue over expenses for the year		386	7,451
Net assets, beginning of year		<u>38,754</u>	<u>31,303</u>
Net assets, end of year		<u>\$ 39,140</u>	<u>\$ 38,754</u>

See accompanying notes

	Year ended July 31	
	2018	2017
Canada Council for the Arts Projects	\$ 35,000	\$ -
City of Toronto Section 37	20,129	-
Cultural Human Resources Council	2,000	6,000
Department of Canadian Heritage National Project	117,421	-
Economic and Social Development Canada Summer student grant	39,808	11,470
Ontario Arts Council Compass grant	28,980	28,000
Projects	7,500	6,435
Ontario Ministry of Citizenship and Immigration Projects	15,600	-
Summer Experience program	1,555	-
Ontario Trillium Foundation Projects	58,000	90,400
Private foundations	98,044	75,000
Theatre Ontario Youth Theatre Training Program	4,500	-
Toronto Arts Council Operating	24,000	24,000
Projects	11,295	32,700
	<u>\$ 463,832</u>	<u>\$ 274,005</u>

	Year ended July 31	
	2018	2017
Cash provided by (used in):		
Operations		
Excess of revenue over expenses for the year	\$ 386	\$ 7,451
Increase (decrease) in non-cash working capital		
Accounts receivable	11,505	(171)
Grants receivable	464,820	(472,440)
GST/HST recoverable	(4,860)	(5,950)
Prepaid expenses	(6,027)	(47)
Accounts payable and accrued liabilities	(9,383)	15,499
Government remittance payable	5,455	3,385
Deferred revenue	152,903	407,890
	<u>614,799</u>	<u>(44,383)</u>
Financing activities		
Loan receivable from Making Room Community Arts	-	5,800
Change in cash during year	614,799	38,583
Cash, beginning of year	12,305	50,888
Cash, end of year	<u>\$ 627,104</u>	<u>\$ 12,305</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. Grants receivable

	2018	2017
City of Toronto	\$ -	\$ 408,816
Cultural Human Resources Council	-	6,000
Economic and Social Development Canada	-	18,874
Greater Toronto Airports Authority	-	23,750
Metcalf Foundation	-	15,000
Ontario Ministry of Citizenship and Immigration	3,120	-
Theatre Ontario	4,500	-
	<u>\$ 7,620</u>	<u>\$ 472,440</u>

3. Deferred revenue

	Balance beginning of year	Contributions received during year	Recognized during the year	Balance end of year
City of Toronto				
Section 37	\$ 408,816	\$ 103,450	\$ 20,129	\$ 492,137
Department of Canadian Heritage				
National Project ⁽ⁱ⁾	-	168,000	117,421	50,579
Economic and Social				
Development Canada				
Summer student grant	8,074	32,016	39,808	282
Greater Toronto Airports Authority				
MabelleLeaders program	-	100,000	61,263	38,737
Ontario Ministry of Citizenship and				
Immigration	-	3,658	1,555	2,103
Toronto Arts Council				
Project ⁽ⁱⁱ⁾	-	21,250	11,295	9,955
Operating grant	24,000	-	24,000	-
	<u>\$ 440,890</u>	<u>\$ 428,374</u>	<u>\$ 275,471</u>	<u>\$ 593,793</u>

⁽ⁱ⁾ Balance of grant of \$15,500 will be received upon completion of the project

⁽ⁱⁱ⁾ Balance of grant of \$3,750 will be received and recognized upon completion of the project

5. Contributions-in-kind

During the year, the organization received contributions-in-kind from Toronto Community Housing of \$27,150 (2017 - \$28,513) which were included in the following expenses:

	2018	2017
Office rent	\$ 3,600	\$ 3,600
Project activities	-	1,363
Workshop, studio and kitchen rent	23,550	23,550
	<u>\$ 27,150</u>	<u>\$ 28,513</u>

6. 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.

7. Subsequent events

Subsequent to the year-end, the organization received notification of the following grants for its fiscal year ending July 31, 2019:

Greater Toronto Airports Authority	\$ 100,000
Ontario Arts Council	35,645
Toronto Art Council	24,000
Private Foundation	25,000
	<hr/>
	\$ 184,645