

**MABELLEarts**

**Financial Statements**

**July 31, 2017**

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## **Financial Statements**

**July 31, 2017**

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March 10, 2018

## **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, 2017, 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, 2017, 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 &amp; 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	2017	2016
<b>Assets</b>			
Current			
Cash		\$ 12,305	\$ 50,888
Accounts receivable		11,505	11,334
Grants receivable	2	472,440	-
GST/HST recoverable		11,994	6,044
Loan receivable from Making Room Community Arts	3	-	5,800
Prepaid expenses		710	663
		<u>\$ 508,954</u>	<u>\$ 74,729</u>
<b>Liabilities</b>			
Current			
Accounts payable and accrued liabilities		\$ 25,925	\$ 10,426
Government remittances payable		3,385	-
Deferred revenue	4	440,890	33,000
		<u>470,200</u>	<u>43,426</u>
<b>Net assets</b>		<u>38,754</u>	<u>31,303</u>
		<u>\$ 508,954</u>	<u>\$ 74,729</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	
		2017	2016
Revenue			
Grants			
City of Toronto Live Arts Mentor Project		\$ -	\$ 16,500
Cultural Human Resources Council		6,000	10,649
Human Resources Development Canada		11,470	4,725
Ontario Trillium Foundation		90,400	118,900
Ontario Arts Council			
Operating		28,000	28,000
Projects		6,435	-
Private foundations		75,000	55,000
Toronto Arts Council			
Operating		24,000	20,000
Projects		32,700	17,000
		<u>274,005</u>	<u>270,774</u>
Contributions		30,684	9,385
Contributions-in-kind	5	28,513	32,750
Consulting fees		-	14,487
Co-presenter fees		11,505	2,301
		<u>344,707</u>	<u>329,697</u>
Expenses			
Artistic			
Artistic salaries and benefits		111,290	75,561
Artist staff fees		48,336	43,914
Community honorarium and fees		16,513	18,339
Production and technical fees		2,771	6,761
Project activities		37,534	33,232
Workshop, studio and kitchen rent		23,550	23,550
		<u>239,994</u>	<u>201,357</u>
Administrative			
Marketing		2,559	4,125
Office and general		29,409	30,515
Professional fees		4,662	4,407
Office rent		3,000	5,200
Staff		9,038	21,258
		<u>48,668</u>	<u>65,505</u>
Fundraising		<u>48,594</u>	<u>43,265</u>
		<u>337,256</u>	<u>310,127</u>
Excess of revenue over expenses for the year		7,451	19,570
Net assets, beginning of year		<u>31,303</u>	<u>11,733</u>
Net assets, end of year		<u>\$ 38,754</u>	<u>\$ 31,303</u>

See accompanying notes

	Year ended July 31	
	2017	2016
Cash provided by (used in):		
Operations		
Excess of revenue over expenses for the year	\$ 7,451	\$ 19,570
Increase (decrease) in non-cash working capital		
Accounts receivable	(171)	1,994
Grants receivable	(472,440)	-
GST/HST recoverable	(5,950)	(386)
Prepaid expenses	(47)	3,908
Accounts payable and accrued liabilities	15,499	6,077
Government remittance payable	3,385	(4,385)
Deferred revenue	407,890	13,000
	<u>(44,383)</u>	<u>39,778</u>
Cash used financing activities		
Loan receivable from Making Room Community Arts	5,800	(5,800)
Change in cash during year	<u>38,583</u>	<u>33,978</u>
Cash, beginning of year	50,888	16,910
Cash, end of year	<u>\$ 12,305</u>	<u>\$ 50,888</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**

	2017	2016
City of Toronto Section 37	\$ 408,816	\$ -
Cultural Human Resources Council	6,000	-
Greater Toronto Airports Authority	23,750	-
Human Resources Development Canada	18,874	-
Metcalf Foundation	15,000	-
	<u>\$ 472,440</u>	<u>\$ -</u>

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

This loan, which was unsecured and non-interest bearing, was repaid in March 2017.

**4. Deferred revenue**

	Balance beginning of year	Contributions received during year	Utilized during the year	Balance end of year
City of Toronto				
Section 37	\$ -	\$ 408,816	\$ -	\$ 408,816
Toronto Arts Council				
Project grant	9,000	-	9,000	-
Operating grant	24,000	24,000	24,000	24,000
Human Resources Development Canada				
Summer student grant	-	18,874	10,800	8,074
	<u>\$ 33,000</u>	<u>\$ 451,690</u>	<u>\$ 43,800</u>	<u>\$ 440,890</u>



**5. Contributions-in-kind**

During the year, the organization received contributions-in-kind of \$28,513 (2016 - \$32,750) which were included in the following expenses:

	<b>2017</b>	<b>2016</b>
Artistic staff fees	\$ -	\$ 2,200
Community honorarium and fees	-	300
Office rent	3,600	4,600
Production and technical fees	-	2,100
Project activities	1,363	-
Workshop, studio and kitchen rent	23,550	23,550
	<u>\$ 28,513</u>	<u>\$ 32,750</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.