

ONTARIO ASSOCIATION OF ART GALLERIES

FINANCIAL STATEMENTS

MARCH 31, 2017



David Burkes, B. Com, CPA, CA•IFA, CFF

ONTARIO ASSOCIATION OF ART GALLERIES

FINANCIAL STATEMENTS

MARCH 31, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Members of
Ontario Association of Art Galleries

I have audited the accompanying financial statement of Ontario Association of Art Galleries, which comprise the statement of financial position as at March 31, 2017, the statement of operations and net assets, the statement of cash flows for the year then ended, and a summary of significant accounting policies applicable to not-for-profit organizations 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.

Auditor's Responsibility

My 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 for not-for-profit organizations. 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.

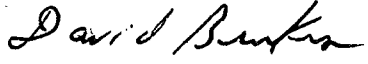
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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.

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

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Ontario Association of Art Galleries as at March 31, 2017, and the results of its operations for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Richmond Hill, Ontario
August 5, 2017


Chartered Professional Accountant
Licensed Public Accountant

ONTARIO ASSOCIATION OF ART GALLERIES

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2017

ASSETS

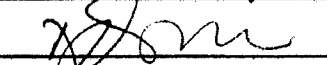
	<u>2017</u>	<u>2016</u>
<u>CURRENT</u>		
Cash	\$ 40,282	1,595
Accounts Receivable	3,028	6,923
HST Recoverable	787	6,403
Inventory	1,939	1,977
Prepaid Expenses	1,662	1,240
	<u>47,698</u>	<u>18,138</u>
<u>CAPITAL ASSETS (Note 3)</u>	-	2,120
	<u>\$ 47,698</u>	<u>\$ 20,258</u>

LIABILITIES AND NET ASSETS

<u>CURRENT</u>		
Accounts Payable and Accrued Charges	\$ 2,901	\$ 8,425
Source Deductions Payable	2,559	2,024
Deferred Contributions (Note 4)	-	15,370
	<u>5,460</u>	<u>25,819</u>
<u>NET ASSETS (DEFICIT)</u>	<u>42,238</u>	<u>(5,561)</u>
	<u>\$ 47,698</u>	<u>\$ 20,258</u>

APPROVED BY THE BOARD:

 Director

 Director

(See Accompanying Notes)



ONTARIO ASSOCIATION OF ART GALLERIES

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2017

	<u>2017</u>	<u>2016</u>
<u>BALANCE,</u>		
Beginning of the Year	\$ (5,561)	\$ 1,691
<u>EXCESS (DEFICIENCY)</u>		
<u>OF REVENUE OVER EXPENSES</u>	<u>47,799</u>	<u>(7,252)</u>
<u>BALANCE,</u>		
End of the Year	<u>\$ 42,238</u>	<u>\$ (5,561)</u>

(See Accompanying Notes)



ONTARIO ASSOCIATION OF ART GALLERIES

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2017

	<u>2017</u>	<u>2016</u>
<u>REVENUE</u>		
Grants (Note 5)	\$ 139,845	\$ 147,455
Membership Fees	55,250	53,491
Professional Development	9,843	53,553
Award Donations	4,050	8,502
Publication Sales	809	1,127
General Donations	6,660	4,365
Arts Endowment Fund (Note 8)	4,154	3,646
Other	3,960	1,633
	<u>224,571</u>	<u>273,772</u>
<u>EXPENSES</u>		
Salaries and Benefits	77,044	113,651
Salaries - Projects	11,326	5,961
Meetings and Travel	2,184	4,327
Member Services	6,809	11,248
Occupancy	12,389	13,086
Program (Schedule 1)	27,397	87,253
Office and General	13,706	8,603
Professional Fees	6,092	5,870
Telephone/Communication	1,797	2,891
Bookkeeping Fees	4,050	3,994
Equipment Rental	3,158	3,867
Insurance	1,859	3,316
Bad Debts	-	1,365
HST	2,092	4,247
Promotions	3,195	4,992
Bank Charges	1,516	2,254
Publications	38	1,979
Amortization	2,120	2,120
	<u>176,772</u>	<u>281,024</u>
<u>EXCESS (DEFICIENCY)</u>		
<u>OF REVENUE OVER EXPENSES</u>	<u>\$ 47,799</u>	<u>\$ (7,252)</u>

(See Accompanying Notes)



ONTARIO ASSOCIATION OF ART GALLERIES

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2017

	<u>2017</u>	<u>2016</u>
<u>CASH FLOWS PROVIDED BY (USED IN)</u>		
<u>OPERATING ACTIVITIES</u>		
Excess (Deficiency) of Revenue Over Expenses	\$ 47,799	\$ (7,252)
Non-cash items:		
Amortization	2,120	2,120
	<u>49,919</u>	<u>(5,132)</u>
<u>NET CHANGES IN NON-CASH WORKING CAPITAL</u>		
Accounts Receivable	3,895	23,017
HST Recoverable	5,616	1,720
Inventory	38	1,979
Prepaid Expenses and Deposits	(422)	29,299
Accounts Payable and Accrued Charges	(5,524)	171
Source Deductions Payable	535	(603)
Deferred Contributions	(15,370)	(23,820)
	<u>(11,232)</u>	<u>31,763</u>
<u>INCREASE IN CASH DURING THE YEAR</u>	38,687	26,631
<u>CASH (INDEBTEDNESS), Beginning of the Year</u>	<u>1,595</u>	<u>(25,036)</u>
<u>CASH, End of the Year</u>	<u>\$ 40,282</u>	<u>\$ 1,595</u>

(See Accompanying Notes)

ONTARIO ASSOCIATION OF ART GALLERIES

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2017

	<u>2017</u>	<u>2016</u>
<u>PROGRAM EXPENSES</u>		
Consultant Fees	\$ -	\$ 5,300
Commissioned Artist and Presenter Fee	8,350	3,533
Licensing, Copyright and Royalties	174	189
Project Coordination Fees	2,988	-
Design and Editing Fees	1,000	-
Travel, Accomodation, Per Diem	1,499	43,391
Catering	1,963	1,645
Materials and Supplies	388	619
Catalogue and Interpretative Material	-	202
Coordination	157	2,579
Programming Development	10,806	29,547
Other Program Costs	66	42
Staff Travel	6	206
	<u>\$ 27,397</u>	<u>\$ 87,253</u>

(See Accompanying Notes)

ONTARIO ASSOCIATION OF ART GALLERIES

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2017

PURPOSE OF THE ORGANIZATION:

Ontario Association of Art Galleries ("The Association") is incorporated under the Ontario Corporations Act as a corporation without share capital. The Association's mission is to be a leading art service organization, effectively representing Ontario's public art galleries as essential and valued cultural resources.

The Association is registered with Canada Revenue Agency as a charitable organization.

1. SIGNIFICANT ACCOUNTING POLICIES:

a) Basis of Accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

b) Revenue Recognition

The organization utilizes the deferral method of accounting for contributions. Grants, sponsorships, and donations received for specified purposes are recognized as revenue in the year in which the related expenses are incurred. Membership fees, unrestricted contributions, and other revenue are recognized as revenue when received or receivable. Revenue from the Endowment Fund (Note 8) is recognized as received.

c) Capital Assets

Capital assets items with a cost greater than \$5,000 are recorded at cost, and amortized over their estimated useful lives as follows:

Leasehold Improvements	3-year straight line
Equipment and Computers	3-year straight line

d) Donated Materials and Services

Any donated goods and services, to the extent that they would normally be purchased if not donated, are recorded at fair value. Volunteer services are not recognized in these financial statements because of the difficulty associated with determining the fair value of same.

ONTARIO ASSOCIATION OF ART GALLERIES

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2017

e) Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

2. FINANCIAL INSTRUMENTS:

The organization's financial instruments consist of cash, accounts receivable, accounts payable and accrued charges. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, currency or credit risks. The fair value of these financial instruments approximates their carrying values.

3. CAPITAL ASSETS:

	<u>2017</u>		<u>2016</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Leasehold				
Improvements	\$ 6,360	\$ 6,360	\$ -	\$ -

4. DEFERRED CONTRIBUTIONS:

Deferred Contributions are comprised as follows:

	<u>2017</u>	<u>2016</u>
Canadian Heritage (MAP)	\$ -	\$ 3,870
Ontario Trillium Foundation	-	11,500
	<u>\$ -</u>	<u>\$ 15,370</u>

Continuity of Deferred Contributions for the year is as follows:

Deferred Contributions, Beginning of the Year	\$ 15,370	\$ -
Add - Received/Receivable during the Year	124,475	162,825
Less - Recognized during the Year	(139,845)	(147,455)
Deferred Contributions, End of the Year	<u>\$ -</u>	<u>\$ 15,370</u>

ONTARIO ASSOCIATION OF ART GALLERIES

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2017

5. GRANTS:

Grants recognized in the year were as follows:

	<u>2017</u>	<u>2016</u>
Canadian Heritage (MAP)	\$ 21,513	\$ 25,110
Ontario Arts Council	62,500	62,500
Ontario Trillium Foundation	22,900	28,675
Toronto Arts Council	24,000	24,000
City of Toronto	1,438	-
Canadian Heritage (YCW)	7,494	3,720
Ministry of Citizenship, Immigration and International Trade (Ontario)	-	3,450
	<u>\$ 139,845</u>	<u>\$ 147,455</u>

6. CAPITAL MANAGEMENT AND ECONOMIC DEPENDENCE:

The organization includes cash, receivables, deferred contributions, accounts payable and net assets in its capital management consideration. The organization's objectives when managing capital are to safeguard its ability to continue as a going concern and continue to execute its mandate.

The organization monitors these items to assess its ability to fulfil its ongoing financial obligations. The organization monitors its cash flows and ongoing revenue sources to fund its operations and makes adjustments to its budgeted expenditures in light of changes. The organization is not subject to externally imposed capital requirements.

The organization depends on government grants, membership fees and workshops for continued operations.

7. COMMITMENTS:

OAAG has extended an office space lease agreement for three years commencing June 1, 2017 and ending May 31, 2020. Minimum annual rent is as follows:

2018	\$ 12,984
2019	\$ 13,633
2020	\$ 14,315
2021	\$ 2,405



ONTARIO ASSOCIATION OF ART GALLERIES

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MARCH 31, 2017

8. ENDOWMENT FUND

OAAG established the Ontario Association of Art Galleries Arts Endowment Fund with the Ontario arts Foundation, under the Arts Endowment Fund (AEF) Program. The annual net disbursement of income is calculated and paid in accordance with the Endowment Fund Agreement. Interest income earned and received during fiscal year 2017 is \$4,154 (2016 - \$3,646).

As at March 31, 2017, the Endowment Fund had a market value of approximately \$84,000.

9. FINANCIAL INSTRUMENTS - RISK MANAGEMENT:

a) Interest Rate Risk

Interest rate risk is the risk of potential financial loss caused by fluctuations in their fair value of future cash flow of financial instruments due to changes in market interest rates.

b) Credit Risk

Credit risk is the potential for financial loss should a counter-party in a transaction fail to meet its obligations.

c) Currency Risk

Currency risk is the risk of potential change in price of one currency against another currency.

OAAG's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, credit or currency risks. The fair value of these financial instruments approximates their carrying values.

10. COMPARATIVE FIGURES:

The 2016 comparative financial statements were prepared by the Organization's former accountants.