

**HAMILTON ARTS COUNCIL**

**Financial Statements**

**March 31, 2018**

## Independent Auditors' Report

To the Directors of Hamilton Arts Council,

We have audited the accompanying financial statements of Hamilton Arts Council, which comprise the balance sheet as at March 31, 2018, the statement of operations and changes in 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 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 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.

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

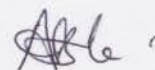
### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Hamilton Arts Council as at March 31, 2018, and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Hamilton Ontario

(September 12, 2018)

**DO Chartered Accountant**




*Licensed Public Accountant*

# HAMILTON ARTS COUNCIL

## Balance Sheet as at March 31, 2018

	2018	2017
<b>ASSETS</b>		
Current:		
Cash	\$ 54,395	15,943
GST/HST receivable	7,049	3,258
Amount receivable	-	1,498
Prepaid expenses	<u>1,551</u>	<u>1,466</u>
	62,995	22,165
Capital assets, net (Note 3)	<u>2,884</u>	<u>6,647</u>
	<u>\$ 65,879</u>	<u>28,812</u>
 <b>LIABILITIES</b>		
Current:		
Accounts payable and accrued liabilities	3,561	3,390
Government remittance payable	2,206	1,792
Deferred revenue (Note 4)	<u>25,000</u>	<u>38,800</u>
	30,767	43,982
Deferred revenue for capital assets purchases (Note 4)	<u>1,681</u>	<u>5,042</u>
	32,448	49,024
<b>NET ASSETS (LIABILITIES)</b>	<u>33,431</u>	<u>(20,212)</u>
	<u>\$ 65,879</u>	<u>28,812</u>

On behalf of the Board:

  
\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

See accompanying Notes to Financial Statements

# HAMILTON ARTS COUNCIL

## Statement of Operations and changes in net assets For the year ended March 31, 2018

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	2018	2017
<b>REVENUES</b>		
Government grant (Note 4)	\$ 228,776	\$ 85,215
Program revenue	26,317	24,900
Sponsorship	18,450	14,272
Membership fees	6,201	5,971
Donation	875	3,759
Ontario Arts Foundation endowment income (Note 5)	2,073	2,271
Other revenues and grants	3,903	1,331
Consultation and research	<u>3,100</u>	<u>688</u>
	<u>\$ 289,695</u>	<u>\$ 138,407</u>
<b>EXPENSES</b>		
Salaries, wages and benefits	117,412	68,309
Program	58,870	51,142
Professional fee	38,490	12,558
Rent (Note 6)	9,617	6,795
Office and administration	7,900	9,646
Amortization (Note 3)	<u>3,763</u>	<u>3,763</u>
	<u>236,052</u>	<u>152,213</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<u>\$ 53,643</u>	<u>\$ (13,806)</u>
<b>OPENING NET ASSET</b>	(20,212)	(6,406)
<b>CLOSING NET ASSET</b>	<u>\$ 33,431</u>	<u>\$ (20,212)</u>

See accompanying Notes to Financial Statements

# HAMILTON ARTS COUNCIL

## Statement of Cash Flows for the year ended March 31, 2018

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	2018	2017
<b>Cash generated (used in)</b>		
<b>OPERATING ACTIVITIES:</b>		
Excess of revenues over expenses	\$ 53,643	\$ (13,806)
Add (deduct) item not involving cash		
Amortization of capital assets	3,763	3,763
Amortization of deferred grant for capital assets purchases	(3,361)	(3,361)
Impact on cash of changes in working capital items:		
GST/HST receivable/payable	(3,791)	(5,813)
Amounts receivable	1,498	15,367
Prepaid expenses and deposits	(85)	-
Accounts payable and accrued liabilities	171	(4,371)
Government remittance payable	414	456
Deferred revenues	<u>(13,800)</u>	<u>28,870</u>
	38,452	21,105
<b>Increase (Decrease) in cash</b>	<b>38,452</b>	<b>21,105</b>
<b>Cash (Bank Indebtedness) - beginning of year</b>	<u>15,943</u>	<u>(5,162)</u>
<b>Cash (Bank Indebtedness) - end of year</b>	<u><u>54,395</u></u>	<u><u>15,943</u></u>

See accompanying Notes to Financial Statements

# HAMILTON ARTS COUNCIL

## Notes to Financial Statements

March 31, 2018

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### 1. NATURE AND PURPOSE OF THE ORGANIZATION

Hamilton Arts Council (HAC) was incorporated without share capital under the laws of the Province of Ontario as a not-for-profit organization and is registered with Canada Revenue Agency as a charitable organization. It is exempt from income taxes provided that it continues to fulfill the requirements and regulations of the Act in respect to registered charities

Its objective is to strengthen the role of the arts and culture in the city of Hamilton by making arts accessible and relevant to the entire community.

### 2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are the representation of management and have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in part III of the CPA Canada handbook and include the following significant policies.

#### Revenue recognition

HAC follows the deferral method of accounting for grants, sponsorship and donations. Unrestricted contributions are recognized as revenues when received or receivable, provided that contributions receivable can be reasonably estimated and collection is reasonably assured. Restricted contributions, including grants, are recognized as revenues in the year in which the related activities are carried out and expenses are incurred.

Contributions received for the purchase of capital assets with a finite life are initially deferred and then amortized as revenues on the same basis as the related capital assets are amortized.

Membership fees are recorded as revenues when received

Program revenue, consultation and research are recognized as revenues when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

#### Capital assets

Purchased capital assets are recorded at cost. Amortization is provided annually at rates determined to charge the cost of the assets to operations over their estimated useful lives as follows:

Computer equipment	3 years straight line basis
Office equipment	3 years straight line basis

Amortization is half in the year of purchase.

#### Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not for profit 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 period. These estimates are reviewed periodically and adjustments are made to revenues and expenses as appropriate in the period they become known.

# HAMILTON ARTS COUNCIL

## Notes to Financial Statements

March 31, 2018

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### 2. SIGNIFICANT ACCOUNTING POLICIES ( *Contd* )

#### Financial instruments

HAC initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost.

The financial assets subsequently measured at amortized cost include cash and accounts receivable. The financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

The carrying value of HAC's financial instruments approximates their fair value due to the relatively short term to maturity of those instruments. It is management's opinion that HAC is not exposed to significant liquidity risk, interest rate or credit risk arising from these financial instruments.

#### Contributed services

HAC would not be able to carry out its activities without the services of many volunteers who contribute a considerable amount of their time and services. Because of the difficulty of determining their fair value, contributed services are not recognized in these financial statements.

### 3. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value March 31 2018	Net Book Value March 31 2017
Office equipment	\$ 2,407	\$ (1,203)	\$ 1,204	\$ 1,605
Computer equipment	10,084	(8,403)	1,681	5,042
	<u>\$ 12,491</u>	<u>\$ (9,606)</u>	<u>\$ 2,885</u>	<u>\$ 6,647</u>

# HAMILTON ARTS COUNCIL

## Notes to Financial Statements

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### 4. GOVERNMENT GRANTS REVENUES AND DEFERRED GRANTS

Revenues from government grants recognized in the year are as follows

	2018	2017
Canada council: <i>Project grant</i>	\$ 26,000	\$ 2,900
Employment and Social Development Canada Job Grant	2,663	2,380
Ontario Arts Council		
<i>Operating grant</i>	7,907	7,640
<i>Project grant</i>	18,800	11,500
Ministry of Tourism, Culture and Sport: <i>Project grant</i>	-	(3,582)
Ministry of Citizenship and Immigration	7,595	-
Ontario Trillium Foundation: <i>Project grant</i>	83,400	1,016
City of Hamilton		
<i>Operating grant</i>	42,700	35,000
<i>Project grant</i>	36,350	25,000
Amortization of capital grant for capital assets	<u>3,361</u>	<u>3,361</u>
	<u>\$ 228,776</u>	<u>\$ 85,215</u>

Deferred revenues at March 31 are as follows:

	2018	2017
<i>For operations and projects:</i>		
Canada council	\$ -	\$ 20,000
Ontario Arts Council	-	18,800
City of Hamilton	<u>25,000</u>	<u>-</u>
	<u>\$ 25,000</u>	<u>\$ 38,000</u>
<i>For capital asset purchases: Computer equipment</i>	<u>\$ 1,681</u>	<u>\$ 5,042</u>

### 5. ONTARIO ARTS FOUNDATION ENDOWMENT FUND

The Ontario Arts Foundation ("OAF") operates an Ontario Arts Endowment Fund Program in which it holds and has supplemented contributions made to arts organizations for endowment purposes. The Hamilton Arts Council Arts Endowment Fund is an external endowment fund, the assets of which are controlled and managed by OAF in accordance with its investment and income distribution policies. Accordingly, assets of these funds are not reflected in these financial statements.

Income of \$2,073 from the endowment was received by The Hamilton Arts Council in 2018 (2017 - \$ 2,021). As at March 31, 2018, the market value of the Hamilton Arts Council Arts Endowment Fund was \$ 44,669.



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**6. PREMISES LEASE COMMITMENT**

HAC is committed under an operating lease agreement to January 31, 2022 for premises, requiring annual payments of approximately \$10,000.