

Financial statements of

Toronto Artscape Foundation

December 31, 2016

Toronto Artscape Foundation

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Independent Auditor's Report

To the Directors of
Toronto Artscape Foundation

We have audited the accompanying financial statements of Toronto Artscape Foundation, which comprise the statement of financial position as at December 31, 2016, the statements of operations and changes in fund balances and of 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.

Auditor's 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 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 a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Toronto Artscape Foundation as at December 31, 2016 and the results of its operations and its cash flows for the year then ended, in accordance with Canadian accounting standards for not-for-profit organizations.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
May 26, 2017

Toronto Artscape Foundation

Statement of financial position as at December 31, 2016

	2016	2015
	\$	\$
Assets		
Current assets		
Cash	726,648	-
Accounts receivable	199,826	3,906
Donations receivable (Note 3)	111,039	327,250
Due from related party (Note 4)	-	198,961
	1,037,513	530,117
Collections	6,638	6,638
	1,044,151	536,755
Liabilities		
Current liabilities		
Bank indebtedness	-	162,789
Accounts payable and accrued liabilities (Note 6)	25,390	16,316
Deferred revenue (Note 7)	178,392	101,440
Due to related party (Note 4)	511,063	-
	714,845	280,545
Fund balance		
General - unrestricted	329,306	256,210
	1,044,151	536,755

Approved by the Board

_____ Director

_____ Director

Toronto Artscape Foundation

Statement of operations and changes in fund balances year ended December 31, 2016

							2016	2015
	General fund	Artscape Youngplace	Artscape Launchpad	Daniels Spectrum	The Sidra Project	British Columbia Artscape	Total	Total Note (9)
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue								
Foundations	10,000	-	500,000	824,572	-	125,000	1,459,572	1,151,564
Private and other donations	140,750	271,000	243,300	107,420	150	-	762,620	1,273,178
Fundraising and events	925,188	-	-	-	120,083	-	1,045,271	1,145,660
Expense recovery (Note 8)	250,000	-	-	-	-	-	250,000	-
	1,325,938	271,000	743,300	931,992	120,233	125,000	3,517,463	3,570,402
Expenses								
Programming	337,311	-	-	246,420	120,233	-	703,964	493,514
Administrative salaries and benefits (Note 4)	73,728	-	-	-	-	-	73,728	105,683
Professional and consulting fees	6,405	-	-	-	-	-	6,405	5,703
Office and fundraising costs	198,798	-	-	-	-	-	198,798	18,097
Other shared costs (Note 4)	25,000	-	-	-	-	-	25,000	25,000
Bad debt (Note 8)	250,000	-	-	-	-	-	250,000	-
	891,242	-	-	246,420	120,233	-	1,257,895	647,997
Disbursements to								
Regent Park Arts Development (Note 5)	-	-	-	373,968	-	-	373,968	696,009
Toronto Artscape Inc. (Note 5)	361,600	271,000	743,300	311,604	-	125,000	1,812,504	2,046,041
	361,600	271,000	743,300	685,572	-	125,000	2,186,472	2,742,050
Excess of revenue over expenses								
for the year	73,096	-	-	-	-	-	73,096	180,355
Fund balances, beginning of year	256,210	-	-	-	-	-	256,210	75,855
Fund balances, end of year	329,306	-	-	-	-	-	329,306	256,210

The accompanying notes to the financial statements are an integral part of this financial statement.

Toronto Artscape Foundation

Statement of cash flows year ended December 31, 2016

	2016	2015
	\$	\$
Operating activities		
Excess of revenue over expenses for the year	73,096	180,355
Changes in non-cash operating assets and liabilities		
Accounts receivable	(195,920)	(1,519)
Donations receivable	216,211	39,045
Accounts payable and accrued liabilities	9,074	(3,372)
Deferred revenue	76,952	(310,891)
	179,413	(96,382)
Financing activity		
Due from (to) related party	710,024	(209,554)
Net increase (decrease) in cash	889,437	(305,936)
(Bank indebtedness) cash, beginning of year	(162,789)	143,147
Cash (bank indebtedness), end of year	726,648	(162,789)

The accompanying notes to the financial statements are an integral part of this financial statement.

Toronto Artscape Foundation

Notes to the financial statements

December 31, 2016

1. Organization

The Toronto Artscape Foundation (“the Foundation”) was established on January 27, 2005 and began operations on January 1, 2006 with the objectives of increasing the public’s understanding of arts and culture through education and to provide support for those activities of Toronto Artscape Inc. (“Artscape”) which are of a charitable nature. Artscape provides support to the Foundation in the form of administrative services (Note 4).

The Foundation is a registered charity under the Income Tax Act and is therefore exempt from income tax, providing it meets the requirements of the Act.

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (“ASNPOs”) using the deferral method with fund accounting for reporting contributions.

(a) Revenue recognition

Restricted contributions are recognized as revenue in the appropriate fund in the year in which the related expenses are incurred. All other restricted contributions for which no restricted fund has been established are deferred and recognized as revenue of the General Fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized when received or receivable in the respective fund if the amount to be received can be reasonably estimated.

Pledges are recorded as receivable, as long as collection is reasonably assured.

(b) Expenses

Expenses are recorded on the accrual basis in the appropriate fund.

(c) Financial instruments

Financial assets and financial liabilities are initially recognized at fair value when the Foundation becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost.

The cost of financial instruments approximates their fair value due to their short-term nature.

(d) Use of estimates

Canadian ASNPOs requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Management believes that the estimates utilized in preparing these financial statements are reasonable and prudent. Actual results could differ from these estimates. Accounts requiring significant estimates and assumptions include accrued liabilities.

(e) Collections

Collections are recorded at cost and are not amortized.

3. Donations receivable

	2016	2015
	\$	\$
Amounts due from individuals and corporations	111,039	327,250

Toronto Artscape Foundation

Notes to the financial statements

December 31, 2016

4. Related party transactions and balances

Transactions

Artscape administers and carries out the activities of the Foundation in accordance with agency agreements. During 2016, three (2015 - two) of the Foundation's board members were also Directors of Artscape.

The Foundation shares office premises with Artscape and uses Artscape's personnel and other resources. As such, certain expenses are charged by Artscape to the Foundation, based on the Foundation's use of resources and the time involved of Artscape's employees. Foundation expenses on specific Artscape projects have in turn been charged back to Artscape.

Balances

	2016	2015
	\$	\$
Due (to) from Toronto Artscape Inc.	(511,063)	198,961

The amount is interest free and due on demand.

5. Funds

In addition to the General Fund, the Foundation maintains funds for programs and activities related to the following projects:

- The Artscape Gibraltar Point Centre and Artscape Wychwood Barns
- Artscape Youngplace;
- Artscape Launchpad;
- Daniels Spectrum;
- Artscape Distillery Studios;
- The Sidra Project; and
- British Columbia Artscape

During 2011, the Foundation entered into an agency agreement (the "agreement") with Regent Park Arts Non-Profit Development Corporation ("RPAD"), the not-for-profit joint venture Corporation established to develop Daniels Spectrum. The Foundation has agreed to contribute certain annual amounts to RPAD under the terms of the agreement to fund specific projects.

During the year \$ 373,968 (2015 - \$696,009) was contributed for capital costs related to Daniels Spectrum.

In 2016, the Foundation disbursed \$1,812,504 (2015 - \$2,046,041) to Artscape for advanced fundraising, operating, subsidy costs, and capital costs. It is the Foundation's intention to add and wind down funds as new projects are assumed and existing projects are completed.

6. Accounts payable and accrued liabilities

There were no government remittances payable as at December 31, 2016 and 2015.

Toronto Artscape Foundation

Notes to the financial statements

December 31, 2016

7. Deferred revenue

The changes in deferred revenue balance are as follows:

	2016	2015
	\$	\$
Balance, beginning of year	101,440	412,331
Contributions received	3,344,415	2,769,444
Contributions recognized as revenue	(3,267,463)	(3,080,335)
Balance, end of year	178,392	101,440

8. Bad debt expense

During the year, the Foundation recognized a bad debt expense from a previous year's pledge that was not received. The amount was reimbursed by Artscape in 2016.

9. Comparative amounts

The following prior year comparative amounts have been reclassified to conform to the current year's presentation:

	As amended	2015 As previously stated
	\$	\$
Statement of operations		
Expenses		
Programming expenses	493,514	-
Disbursements to		
Toronto Artscape Inc	2,046,041	2,539,555
	2,539,555	2,539,555