
Financial statements of Toronto Artscape Foundation

December 31, 2017

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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, 2017, the statements of operations and changes in fund balances 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.

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, 2017 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 4, 2018

Toronto Artscape Foundation
Statement of financial position
As at December 31, 2017

	Notes	2017	2016
		\$	\$
Assets			
Current assets			
Cash		132,894	726,648
Accounts receivable		266,630	199,826
Donations receivable	3	158,754	111,039
Prepaid expenses		3,503	—
		561,781	1,037,513
Collections		6,638	6,638
		568,419	1,044,151
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	6	52,833	25,390
Deferred revenue	7	127,675	178,392
Due to related party	4	52,975	511,063
		233,483	714,845
Fund balance			
General - unrestricted		334,936	329,306
		568,419	1,044,151

The accompanying notes are an integral part of the financial statements

Approved by the Board

_____ Director

_____ Director

Toronto Artscape Foundation

Statement of operations and changes in fund balances

Year ended December 31, 2017

							2017	2016
Notes	General fund	Artscape Youngplace	Artscape Launchpad	Daniels Spectrum	The Sidra Project	British Columbia Artscape	Total	Total Note (9)
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue								
Foundations	—	—	250,000	503,572	—	25,000	778,572	1,459,572
Private and other donations	131,601	255,000	193,300	300,000	—	—	879,901	762,620
Fundraising and events	476,637	—	—	—	105,957	—	582,594	1,045,271
Expense recovery	—	—	—	—	—	—	—	250,000
	608,238	255,000	443,300	803,572	105,957	25,000	2,241,067	3,517,463
Expenses								
Programming	173,507	—	—	79,913	48,406	—	301,826	703,964
Administrative salaries and benefits	100,932	—	—	—	33,926	—	134,858	73,728
Professional and consulting fees	53,919	—	—	—	18,124	—	72,043	6,405
Office and fundraising costs	82,881	—	—	—	5,501	—	88,382	198,798
Other shared costs	25,000	—	—	—	—	—	25,000	25,000
Bad debt	12,000	—	—	—	—	—	12,000	250,000
	448,239	—	—	79,913	105,957	—	634,109	1,257,895
Disbursements to								
Regent Park								
Arts Development	—	—	—	453,659	—	—	453,659	373,968
Toronto Artscape Inc.	154,369	255,000	443,300	270,000	—	25,000	1,147,669	1,812,504
	154,369	255,000	443,300	723,659	—	25,000	1,601,328	2,186,472
Excess of revenue over expenses for the year	5,630	—	—	—	—	—	5,630	73,096
Fund balances, beginning of year	329,306	—	—	—	—	—	329,306	256,210
Fund balances, end of year	334,936	—	—	—	—	—	334,936	329,306

The accompanying notes are an integral part of the financial statements

Toronto Artscape Foundation

Statement of cash flows

Year ended December 31, 2017

	2017	2016
	\$	\$
Operating activities		
Excess of revenue over expenses for the year	5,630	73,096
Changes in non-cash operating assets and liabilities		
Accounts receivable	(66,804)	(195,920)
Prepaid expenses	(3,503)	—
Donations receivable	(47,715)	216,211
Accounts payable and accrued liabilities	27,443	9,074
Deferred revenue	(50,717)	76,952
	(135,666)	179,413
Financing activity		
Due (to) from related party	(458,088)	710,024
Net (decrease) increase in cash	(593,754)	889,437
Cash (bank indebtedness), beginning of year	726,648	(162,789)
Cash (bank indebtedness), end of year	132,894	726,648

The accompanying notes are an integral part of the financial statements

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

	2017	2016
	\$	\$
Amounts due from individuals and corporations	158,754	111,039

4. Related party transactions and balances

Transactions

Artscape administers and carries out the activities of the Foundation in accordance with agency agreements. During 2017, two (three in 2016) 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

	2017	2016
	\$	\$
Due to Toronto Artscape Inc.	52,975	511,063

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:

- Artscape Youngplace;
- Artscape Launchpad;
- Daniels Spectrum;
- 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 \$ 453,659 (\$373,968 in 2016) was contributed for capital costs related to Daniels Spectrum.

In 2017, the Foundation disbursed \$1,147,669 (\$1,812,504 in 2016) to Artscape for 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, 2017 and 2016.

7. Deferred revenue

The changes in the deferred revenue balance are as follows:

	2017	2016
	\$	\$
Balance, beginning of year	178,392	101,440
Contributions received	2,190,350	3,344,415
Contributions recognized as revenue	(2,241,067)	(3,267,463)
Balance, end of year	127,675	178,392

8. Bad debt expense

During 2017, the Foundation recognized a bad debt expense in the amount of \$12,000 from a previous year's pledge that was not received (2016 - \$250,000).