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# Financial statements of Toronto Artscape Foundation

December 31, 2018

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## Independent Auditor's Report

To the Directors of  
Toronto Artscape Foundation

### Opinion

We have audited the financial statements of Toronto Arstcape Foundation (the "Foundation"), which comprise the statement of financial position as at December 31, 2018, and the statements of operations and changes in fund balances, and of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2018, 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.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Deloitte LLP*

Chartered Professional Accountants  
Licensed Public Accountants  
May 17, 2019

**Toronto Artscape Foundation**  
**Statement of financial position**  
As at December 31, 2018

	Notes	2018 \$	2017 \$
<b>Assets</b>			
Current assets			
Cash		<b>1,198,665</b>	132,894
Accounts receivable		<b>120,014</b>	266,630
Donations receivable	3	<b>61,280</b>	158,754
Prepaid expenses		<b>3,950</b>	3,503
		<b>1,383,909</b>	561,781
Long-term loan receivable	9	<b>2,043,300</b>	—
Collections		<b>6,638</b>	6,638
Capital work-in-progress	10	<b>55,163</b>	—
		<b>3,489,010</b>	568,419
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities	6	<b>258,012</b>	52,833
Deferred revenue	7	<b>464,667</b>	127,675
Due to related party	4	<b>288,995</b>	52,975
		<b>1,011,674</b>	233,483
Deferred capital contributions	11	<b>134,100</b>	—
		<b>1,145,774</b>	233,483
<b>Fund balance</b>			
General - unrestricted		<b>2,343,236</b>	334,936
		<b>3,489,010</b>	568,419

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, 2018

		<b>2018</b>					2017	
	Notes	<b>General fund</b>	<b>Artscape Youngplace</b>	<b>Artscape Launchpad</b>	<b>Daniels Spectrum</b>	<b>Artscape Weston Commons</b>	<b>Total</b>	<b>Total</b>
		\$	\$	\$	\$	\$	\$	\$
<b>Revenue</b>								
Foundations		—	—	656,100	510,972	—	1,167,072	778,572
Private and other donations		157,306	110,000	265,406	300,728	—	833,440	879,901
Fundraising and events		577,723	—	—	17,000	—	594,723	582,594
		<b>735,029</b>	<b>110,000</b>	<b>921,506</b>	<b>828,700</b>	<b>—</b>	<b>2,595,235</b>	2,241,067
<b>Expenses</b>								
Programming		400,469	110,000	263,284	496,300	—	1,270,053	301,826
Administrative salaries and benefits	4	100,465	—	—	—	—	100,465	134,858
Professional and consulting fees		35,469	—	—	—	—	35,469	72,043
Office and fundraising costs		145,277	—	3,222	—	—	148,499	88,382
Other shared costs	4	88,349	—	—	—	—	88,349	25,000
Bad debt	8	—	—	—	—	—	—	12,000
		<b>770,029</b>	<b>110,000</b>	<b>266,506</b>	<b>496,300</b>	<b>—</b>	<b>1,642,835</b>	634,109
<b>Disbursements to</b>								
Regent Park Arts Development	5	—	—	—	—	—	—	453,659
Toronto Artscape Inc.	5	—	—	—	—	—	—	1,147,669
		<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	1,601,328
(Deficiency) excess of revenue over expenses for the year before the undernoted		<b>(35,000)</b>	—	<b>655,000</b>	<b>332,400</b>	—	<b>952,400</b>	5,630
Toronto Artscape Inc. recovery	5	—	—	<b>1,055,900</b>	—	—	<b>1,055,900</b>	—
(Deficiency) excess of revenue over expenses for the year		<b>(35,000)</b>	—	<b>1,710,900</b>	<b>332,400</b>	—	<b>2,008,300</b>	5,630
Fund balances, beginning of year		<b>334,936</b>	—	—	—	—	<b>334,936</b>	329,306
<b>Fund balances, end of year</b>		<b>299,936</b>	—	<b>1,710,900</b>	<b>332,400</b>	—	<b>2,343,236</b>	334,936

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

**Toronto Artscape Foundation****Statement of cash flows**

Year ended December 31, 2018

	<b>2018</b>	2017
	<b>\$</b>	\$
<b>Operating activities</b>		
Excess of revenue over expenses for the year	<b>2,008,300</b>	5,630
Changes in non-cash operating assets and liabilities		
Accounts receivable	<b>146,616</b>	(66,804)
Prepaid expenses	<b>(447)</b>	(3,503)
Donations receivable	<b>97,474</b>	(47,715)
Accounts payable and accrued liabilities	<b>205,179</b>	27,443
Deferred revenue	<b>336,992</b>	(50,717)
	<b>2,794,114</b>	(135,666)
<b>Investing activities</b>		
Long-term loan receivable	<b>(2,043,300)</b>	—
Capital work-in-progress	<b>(55,163)</b>	—
	<b>(2,098,463)</b>	—
<b>Financing activities</b>		
Due from (to) related party	<b>236,020</b>	(458,088)
Deferred capital contributions	<b>134,100</b>	—
	<b>370,120</b>	(458,088)
Net increase (decrease) in cash	<b>1,065,771</b>	(593,754)
Cash, beginning of year	<b>132,894</b>	726,648
<b>Cash, end of year</b>	<b>1,198,665</b>	132,894

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**

	<b>2018</b>	2017
	\$	\$
Amounts due from individuals and corporations	<b>61,280</b>	158,754

**4. Related party transactions and balances**

*Transactions*

Artscape administers and carries out the activities of the Foundation in accordance with agency agreements. During 2018, two (two in 2017) 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, \$115,000 (\$25,000 in 2017) was 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*

	<b>2018</b>	2017
	\$	\$
Due to Toronto Artscape Inc.	<b>288,995</b>	52,975

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;
- Artscape Weston Commons

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 previously agreed to contribute certain annual amounts to RPAD under the terms of the Agreement to fund specific projects. The Agreement expired during the year.

During the year nil (\$453,659 in 2017) was contributed for capital costs related to Daniels Spectrum.

In 2018, the Foundation provided nil (\$1,147,669 in 2017) to Artscape for operating, subsidy costs, and capital costs. Amounts provided by the Foundation to Artscape in 2016 and previously included \$1,055,000 for the Artscape Launchpad capital project. In accordance with an agreement dated January 1, 2018 (subsequently amended on October 25, 2018), this amount has been determined to be part of the funding of the interest free loan commitment (as described in Note 9). The amount, which was included in Disbursements to Artscape in previous years, has been included as a recovery in the 2018 financial statements.

**6. Accounts payable and accrued liabilities**

There were no government remittances payable as at December 31, 2018 and 2017.

**7. Deferred revenue**

The changes in the deferred revenue balance are as follows:

	<b>2018</b>	2017
	\$	\$
Balance, beginning of year	<b>127,675</b>	178,392
Contributions received	<b>2,932,227</b>	2,190,350
Contributions recognized as revenue	<b>(2,595,235)</b>	(2,241,067)
Balance, end of year	<b>464,667</b>	127,675

**8. Bad debt expense**

During 2018, the Foundation recognized a bad debt expense in the amount of nil (\$12,000 in 2017) from a previous year's pledge that was not received.

**9. Long-term loan receivable**

	<b>2018</b>	2017
	\$	\$
Toronto Artscape Inc. During 2018, the Foundation committed to provide up to \$2,205,900 to Toronto Artscape Inc. in Program Related-Investments ("PRIs") in the form of interest free loans to advance the Foundation's charitable objects. The loans are non-interest bearing and repayable on demand; however, repayment will not be demanded within the next twelve months	<b>1,710,900</b>	—
Regent Park Arts Non-Profit Development Corporation During 2018, the Foundation committed to provide up to \$882,400 to Regent Park Arts Non-Profit Development Corporation in PRIs in the form of interest free loans to advance the Foundation's charitable objects. The loans are non-interest bearing and repayable on demand; however, repayment will not be demanded within the next twelve months	<b>332,400</b>	—
	<b>2,043,300</b>	—

**10. Capital work-in-progress**

	Balances beginning of year \$	<b>Received during year \$</b>	<b>2018 Balances end of year \$</b>
Artscape Weston Commons	—	<b>55,163</b>	<b>55,163</b>

**11. Deferred capital contributions**

	Balances beginning of year \$	<b>Received during year \$</b>	<b>2018 Balances end of year \$</b>
Artscape Weston Commons	—	<b>134,100</b>	<b>134,100</b>