
Financial statements of Toronto Artscape Foundation

December 31, 2019

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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, 2019, 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, 2019, 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 7, 2020

Toronto Artscape Foundation
Statement of financial position
As at December 31, 2019

	Notes	2019 \$	2018 \$
Assets			
Current assets			
Cash		534,445	1,198,665
Accounts receivable		143,738	120,014
Donations receivable	3	52,345	61,280
Prepaid expenses		4,663	3,950
		735,191	1,383,909
Long-term loan receivable	8	2,843,300	2,043,300
Collections		6,638	6,638
Capital work-in-progress	9	153,845	55,163
		3,738,974	3,489,010
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	6	36,463	258,012
Deferred revenue	7	757,576	464,667
Due to Toronto Artscape Inc.	4	178,436	288,995
		972,475	1,011,674
Deferred capital contributions	10	149,000	134,100
		1,121,475	1,145,774
Fund balance			
General – unrestricted		312,301	299,936
Artscape Daniels Launchpad	5	1,898,089	1,710,900
Daniels Spectrum	5	407,109	332,400
		2,617,499	2,343,236
		3,738,974	3,489,010

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, 2019

	2019				2018
	General fund	Artscape Daniels Launchpad	Daniels Spectrum	Total	Total
Notes	\$	\$	\$	\$	\$
Revenue					
Foundations	—	225,043	300,000	525,043	1,167,072
Private and other donations	123,267	901,168	311,169	1,335,604	833,440
Fundraising and events	409,428	—	—	409,428	594,723
	532,695	1,126,211	611,169	2,270,075	2,595,235
Expenses					
Programming	121,367	939,022	536,460	1,596,849	1,270,053
Administrative salaries and benefits	4 244,068	—	—	244,068	100,465
Professional and consulting fees	11,322	—	—	11,322	35,469
Office and fundraising costs	117,588	—	—	117,588	148,499
Other shared costs	4 25,985	—	—	25,985	88,349
	520,330	939,022	536,460	1,995,812	1,642,835
Excess of revenue over expenses for the year before the undernoted Toronto Artscape Inc. recovery	5 12,365	187,189	74,709	274,263	952,400
	—	—	—	—	1,055,900
Excess of revenue over expenses for the year	12,365	187,189	74,709	274,263	2,008,300
Fund balances, beginning of year	299,936	1,710,900	332,400	2,343,236	334,936
Fund balances, end of year	312,301	1,898,089	407,109	2,617,499	2,343,236

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

Toronto Artscape Foundation

Statement of cash flows

Year ended December 31, 2019

	2019	2018
	\$	\$
Operating activities		
Excess of revenue over expenses for the year	274,263	2,008,300
Changes in non-cash operating assets and liabilities		
Accounts receivable	(23,724)	146,616
Donations receivable	8,935	97,474
Prepaid expenses	(713)	(447)
Accounts payable and accrued liabilities	(221,549)	205,179
Deferred revenue	292,909	336,992
	330,121	2,794,114
Investing activities		
Long-term loan receivable issued during the year	(800,000)	(2,043,300)
Capital work-in-progress additions	(98,682)	(55,163)
	(898,682)	(2,098,463)
Financing activities		
Due to Toronto Artscape Inc.	(110,559)	236,020
Deferred capital contributions received during the year	14,900	134,100
	(95,659)	370,120
Net (decrease) increase in cash	(664,220)	1,065,771
Cash, beginning of year	1,198,665	132,894
Cash, end of year	534,445	1,198,665

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

(d) Collections

Collections are recorded at cost and are not amortized.

(e) Capital work-in-progress

Capital work-in-progress is recorded at cost and comprises capital assets under construction, including related costs (such as payroll, interest and financing costs), capital assets not yet placed in service, and pre-construction costs related to specific projects expected to be constructed. Amortization begins in the year after projects are complete and put into operation.

(f) Contributions for capital assets

Grants and other contributions received to fund capital projects and to cover the costs of specific capital assets are deferred and recognized in revenue over the same amortization period as the related capital assets.

2. Summary of significant accounting policies (continued)

(g) 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.

3. Donations receivable

	2019	2018
	\$	\$
Amounts due from individuals and corporations	52,345	61,280

4. Related party transactions and balances

Transactions

Artscape administers and carries out the activities of the Foundation in accordance with agency agreements. During 2019, none (two in 2018) 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, \$ 25,000 (\$115,000 in 2018) 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

	2019	2018
	\$	\$
Due to Toronto Artscape Inc.	178,436	288,995

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 Daniels Launchpad
- Daniels Spectrum

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 in 2018.

5. Funds (continued)

In 2019, the Foundation provided \$500,000 (nil in 2018) to Artscape for Program Related-Investments (PRIs). Amounts provided by the Foundation to Artscape in 2016 and previously included \$1,055,900 for the Artscape Daniels 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 8). The amount, which was included in Disbursements to Artscape in previous years, has been recognized as a recovery in 2018.

6. Accounts payable and accrued liabilities

There were no government remittances payable as at December 31, 2019 and 2018.

7. Deferred revenue

The changes in the deferred revenue balance are as follows:

	2019	2018
	\$	\$
Balance, beginning of year	464,667	127,675
Contributions received	887,100	2,932,227
Contributions recognized as revenue during the year	(594,191)	(2,595,235)
Balance, end of year	757,576	464,667

8. Long-term loan receivable

	2019	2018
	\$	\$
Toronto Artscape Inc. The Foundation committed in 2018 to provide up to \$2,210,900 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	2,210,900	1,710,900
Regent Park Arts Non-Profit Development Corporation The Foundation committed in 2018 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	632,400	332,400
	2,843,300	2,043,300

9. Capital work-in-progress

	Balances beginning of year \$	Additions during year \$	2019 Balances end of year \$
Artscape Weston Common	55,163	98,682	153,845

10. Deferred capital contributions

	Balances beginning of year \$	Additions during year \$	2019 Balances end of year \$
Artscape Weston Common	134,100	14,900	149,000

11. Subsequent events

Subsequent to the year end, on March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel corona virus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put into place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the severity and length of these developments will have on the financial results and condition of the Foundation in future periods.

Management is pursuing mitigation strategies and applying for various government relief programs and grants in order to lessen the financial impacts of the COVID-19 pandemic.