

MABELLEarts

Financial Statements

July 31, 2013



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March 31, 2014

Independent Auditors' Report

To the Board of Directors of MABELLEarts

We have audited the accompanying financial statements of MABELLEarts, which comprise the balance sheet as at July 31, 2013, and the statements of revenue and expenses and 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 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 our 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, we consider 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 MABELLEarts as at July 31, 2013, and its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

A handwritten signature in black ink that reads 'Chaplin & Co.' with a flourish at the end.

Chartered Accountants
Licensed Public Accountants

Roger Chaplin CPA, CA LPA MA [Oxon] Gail Bergman CPA, CA LPA B Comm

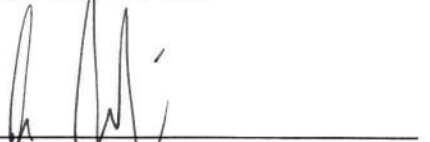
Chaplin & Co Chartered Accountants • 1110 Finch Avenue West Suite 710 Toronto Ontario M3J 2T2
Telephone 416 667 7060 Facsimile 416 663 3746 e ca@chaplinco.com www.chaplinco.com

	July 31	
	2013	2012
Assets		
Current		
Cash	\$ 974	\$ 7,720
Accounts receivable	9,753	13,577
GST/HST recoverable	212	4,892
Prepaid expenses	2,089	1,705
	<u>\$ 13,028</u>	<u>\$ 27,894</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 7,605	\$ 4,692
Government remittances payable	1,368	5,724
	<u>8,973</u>	<u>10,416</u>
Net assets	<u>4,055</u>	<u>17,478</u>
	<u>\$ 13,028</u>	<u>\$ 27,894</u>

Approved on behalf of the Board of Directors
MABELLEarts:



Kris Erickson, Chair



Ian Malczewski, Vice Chair

	Year ended July 31	
	2013	2012
Revenue		
Grants		
Federal and municipal governments	\$ 26,035	\$ 162,209
Ontario Arts Council	38,164	33,843
Private foundations	45,000	19,000
Toronto Arts Council	12,000	-
	<u>121,199</u>	<u>215,052</u>
In-kind donations	33,650	46,990
Miscellaneous	950	282
Co-presenter fees	8,520	2,200
	<u>164,319</u>	<u>264,524</u>
Expenses		
Artistic		
Artistic salaries and benefits	42,344	72,821
Artist and community support staff fees	34,252	45,438
Production and technical fees	5,608	5,840
Project activities	20,208	34,966
Workshop, studio and kitchen rent	23,550	23,550
	<u>125,962</u>	<u>182,615</u>
Administrative		
Administrative salaries and benefits	18,416	30,585
Marketing	3,221	2,778
Office and general	8,883	15,036
Professional fees	3,408	4,598
Office rent	3,600	3,600
	<u>37,528</u>	<u>56,597</u>
Fundraising	14,252	25,841
	<u>177,742</u>	<u>265,053</u>
Excess of expenses over revenue for the year	(13,423)	(529)
Net assets, beginning of year	17,478	18,007
Net assets, end of year	<u>\$ 4,055</u>	<u>\$ 17,478</u>

	Year ended July 31	
	2013	2012
Cash provided by (used in):		
Operations		
Excess of expenses over revenue for the year	\$ (13,423)	\$ (529)
Increase (decrease) in non-cash working capital		
Accounts receivable	3,824	(877)
GST/HST recoverable	4,680	(2,517)
Prepaid expenses	(384)	8,336
Accounts payable and accrued liabilities	2,913	1,024
Government remittance payable	(4,356)	4,022
	<u>(6,746)</u>	<u>9,459</u>
Change in cash during year	(6,746)	7,720
Cash, beginning of year	7,720	-
Cash, end of year	<u>\$ 974</u>	<u>\$ 7,720</u>

MABELLEarts, which received its Letters Patent as a corporation without share capital under the Ontario Business Corporations Act on July 9, 2009, brings together people of all ages, backgrounds and abilities to make art, tell stories and creatively transform the place that is Mabelle, a Toronto Community Housing Complex in Etobicoke, Ontario.

MABELLEarts is a not-for-profit organization and is exempt from income taxes.

1. Summary of significant accounting policies

Basis of presentation

These financial statements have been prepared using the Canadian accounting standards for not-for-profit organizations.

Financial instruments

The organization initially measures its financial assets and liabilities at fair value. The organization subsequently measures all its financial assets and financial liabilities at amortized cost. Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payable. The organization has not designated any financial asset or financial liability to be measured at fair value.

Revenue recognition

The organization follows the deferral method of accounting for contributions. Restricted contributions received under contribution agreements are recognized as revenue in the year in which the related expenses are incurred. Other unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Amounts received that relate to future fiscal periods are recorded as deferred revenue.

Fundraising events are recognized as revenues at the time of the events.

Interest income is recognized as revenue when earned.

Contributions in kind are recorded at their estimated fair value. During the year the organization received contributions in kind of \$33,650 (2012 - \$46,990). The organization's largest contribution in kind is for workshop, studio, kitchen and office space.

Allocation of expenses

The organization works with professional artists and community members to produce art, tell stories and creatively transform the Mabelle neighbourhood.

The costs of each of these activities includes the costs of personnel and other expenses that are directly related to providing the activities. The organization also incurs a number of general support expenses that are common to the administration of the organization and each of its programs.

General support expenses such as bank charges, office and general expenses, occupancy costs, professional fees and services and staff salaries and benefits are allocated to artistic and fundraising programmes. The allocation amounts are based on the proportion of the completion of the defined project within budgeted limits that are supported by committed funding and donations. Project progress and the percentage completed is reviewed monthly and the allocation of common costs adjusted accordingly.

1. Summary of significant accounting policies (continued)

Contributed services

The work for the organization is dependent on the voluntary services of many members. Because these services are not normally purchased by the organization and because of the difficulty in determining their fair market value, contributed services are not recognized in these financial statements.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the year. Significant items subject to such estimates and assumptions include valuation of accounts receivable, inventory and the estimated useful life of fixed assets. Actual results may differ from those estimates.

2. Financial instruments

The Board of Directors' believe that the organization is not exposed to significant credit, currency, or interest rate risk from its financial instruments.

3. Comparative figures

The comparative figures have been restated to conform with the current year's financial statement presentation.