

**CONTEMPORARY ART FORUM  
KITCHENER AND AREA  
(CAFKA)**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED NOVEMBER 30, 2009**

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## AUDITORS' REPORT

To the Members of the Board of Directors of  
Contemporary Art Forum Kitchener and Area (CAFKA)

We have audited the statement of financial position of Contemporary Art Forum Kitchener and Area (CAFKA) as at November 30, 2009 and the statements of operations, net assets and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraphs, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many not-for-profit organizations, the organization derives revenue from various sources, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenses, assets and fund balances.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the organization as at November 30, 2009 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

February 24, 2009  
Guelph, Ontario

Embree & Co. LLP,  
Chartered Accountants  
Licenced Public Accountants

(page 1)

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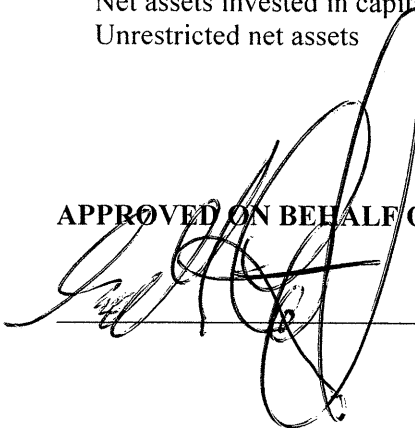
**CONTEMPORARY ART FORUM KITCHENER AND AREA (CAFKA)**

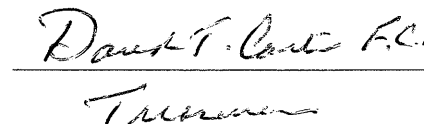
**STATEMENT OF FINANCIAL POSITION**

**AS AT NOVEMBER 30, 2009**

	<b>2009</b>	<b>2008 (restated note 8)</b>
<b>ASSETS</b>		
<b>CURRENT</b>		
Bank	\$ -	\$ 21,223
Accounts receivable	25,702	50,900
GST recoverable	3,130	1,423
Prepaid expenses	<u>1,753</u>	<u>585</u>
	30,585	74,131
<b>CAPITAL (notes 2 and 3)</b>	<u>5,227</u>	<u>8,044</u>
	<u><u>\$ 35,812</u></u>	<u><u>\$ 82,175</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Bank overdraft	\$ 870	\$ -
Accounts payable and accrued liabilities	16,952	6,985
Withholding taxes payable	2,719	2,388
Deferred revenue (note 2)	<u>15,800</u>	<u>32,500</u>
	<u>36,341</u>	<u>41,873</u>
<b>NET ASSETS</b>		
Net assets invested in capital assets	5,227	8,044
Unrestricted net assets	<u>(5,756)</u>	<u>32,258</u>
	<u>(529)</u>	<u>40,302</u>
	<u><u>\$ 35,812</u></u>	<u><u>\$ 82,175</u></u>

**APPROVED ON BEHALF OF THE BOARD:**

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

(See accompanying notes to financial statements)

CONTEMPORARY ART FORUM KITCHENER AND AREA (CAFKA)

STATEMENT OF NET ASSETS

FOR THE YEAR ENDED NOVEMBER 30, 2009

	<b>Invested in capital assets</b>	<b>Unrestricted net assets</b>	<b>Total 2009</b>	<b>Total 2008 (restated note 8)</b>
Net assets, beginning of the year	\$ 8,044	\$ 32,258	\$ 40,302	\$ 15,872
Excess of (expenses over revenues) revenues over expenses for the year	<u>(2,817)</u>	<u>(38,014)</u>	<u>(40,831)</u>	<u>24,431</u>
Net assets, end of the year	<u>\$ 5,227</u>	<u>\$ (5,756)</u>	<u>\$ (529)</u>	<u>\$ 40,303</u>

(See accompanying notes to financial statements)

CONTEMPORARY ART FORUM KITCHENER AND AREA (CAFKA)

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED NOVEMBER 30, 2009

	2009	2008 (restated note 8)
<b>REVENUES</b> (note 2)		
Grants	\$ 285,545	\$ 137,752
Contributions and memberships	<u>9,764</u>	<u>8,473</u>
	<u>295,309</u>	<u>146,225</u>
<b>EXPENSES</b>		
Advertising and promotion	13,271	2,425
Amortization	2,817	7,838
Bank charges	735	1,788
Bi-annual event	183,358	-
Bookkeeping	615	4,618
CAFKA TV	4,188	1,602
Insurance	2,666	2,285
Office	2,892	2,463
Professional fees	6,931	4,100
Programs	3,891	7,704
Rent	3,821	4,153
Subcontract	-	14,797
Telephone	1,514	1,209
Travel	1,514	461
Wages and benefits	<u>107,927</u>	<u>66,351</u>
	<u>336,140</u>	<u>121,794</u>
<b>EXCESS OF (EXPENSES OVER REVENUES) REVENUES OVER EXPENSES FOR THE YEAR</b>	<u>\$ (40,831)</u>	<u>\$ 24,431</u>

(See accompanying notes to financial statements)

**CONTEMPORARY ART FORUM KITCHENER AND AREA (CAFKA)**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED NOVEMBER 30, 2009**

	<b>2009</b>	<b>2008 (restated note 8)</b>
<b>OPERATING ACTIVITIES</b>		
Excess of (expenses over revenues) revenues over expenses for the year	\$ (40,831)	\$ 24,431
Charges to earnings not requiring cash:		
Amortization	<u>2,817</u>	<u>7,838</u>
	(38,014)	32,269
<b>CHANGES IN NON-CASH WORKING CAPITAL</b>		
Decrease (increase) in accounts receivable	25,198	(22,765)
(Increase) decrease in GST receivable	(1,707)	3,980
Increase in prepaid expenses	(1,168)	(228)
Increase (decrease) in accounts payable and accrued liabilities	9,967	(8,244)
Increase in withholding taxes payable	331	1,657
(Decrease) increase in deferred revenue	<u>(16,700)</u>	<u>(8,312)</u>
Cash used in operating activities	<u>(22,093)</u>	<u>(1,643)</u>
<b>INVESTING ACTIVITIES</b>		
Purchases of capital assets	<u>-</u>	<u>(3,178)</u>
Cash used in investing activities	<u>-</u>	<u>(3,178)</u>
<b>DECREASE IN CASH FOR THE YEAR</b>	(22,093)	(4,821)
<b>CASH, beginning of the year</b>	<u>21,223</u>	<u>26,044</u>
<b>CASH, end of the year represented by (bank overdraft) bank</b>	<u><u>\$ (870)</u></u>	<u><u>\$ 21,223</u></u>

(See accompanying notes to financial statements)

# CONTEMPORARY ART FORUM KITCHENER AND AREA (CAFKA)

## NOTES TO FINANCIAL STATEMENTS

AS AT NOVEMBER 30, 2009

### 1. MISSION AND VISION STATEMENT

Contemporary Art Forum Kitchener and Area (CAFKA) presents innovative art within a civic space. CAFKA invites the public to encounter and engage with artists of today and the art they create.

CAFKA encourages groundbreaking artistic projects, welcomes interactive programming, and nurtures new and existing audiences for contemporary art. CAFKA is dedicated to artistic growth and offers opportunities for regional, Canadian and international artists. CAFKA builds community partnerships and connections. Committed to high artistic quality, CAFKA activities culminate in biennial thematic forum of visual and media arts in the public realm.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and reflect the following policies:

#### (a) Adoption of new accounting policies

##### Cash Distributions

CICA Handbook Section 1540, Cash Flow Statements and Section 4400, Financial Statement Presentation for Not-for-Profit Organizations have been amended to require not-for-profit organizations to apply the same standards as profit-oriented entities effective for interim and annual financial statements beginning on or after January 1, 2009.

##### Net Assets Invested in Capital Assets

The Accounting Standards Board has eliminated the requirement to present net assets invested in capital assets as a separate component of net assets effective for interim and annual financial statements beginning on or after January 1, 2009.

##### Capital Assets

CICA Handbook Section 4430, Capital Assets Held by Not-for-Profit Organizations has been amended to clarify that not-for-profit organizations that capitalize their capital assets must comply with other relevant provisions of the section and other relevant Handbook sections effective for interim and annual financial statements beginning on or after January 1, 2009.

#### (b) Capital assets and amortization

Capital assets are recorded at cost. Amortization is provided at the following annual rates:

Computer equipment	- 30% to 55% declining balance basis
Computer software	- 2 years on a straight line basis
Office equipment	- 20% declining balance basis

Amortization is calculated at one-half the normal rate in the year of acquisition, except for computer software.

Capital assets are subject to an assessment for impairment. An impairment loss is recognized when the carrying amount of property and equipment is not recoverable and exceeds its fair value. Management does not feel that there has been an impairment to the carrying amount of the capital assets

continued....



CONTEMPORARY ART FORUM KITCHENER AND AREA (CAFKA)

NOTES TO FINANCIAL STATEMENTS

AS AT NOVEMBER 30, 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

(c) Deferred revenue

Deferred revenue represents project grants received in advance of performing the project activities.

(d) Revenue recognition

The organization follows the deferral method in accounting for contributions. Restricted contributions are recognized as revenue in the period in which related expenses are incurred. Unrestricted contributions are recognized as revenue or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. All other revenue amounts are recognized as they are received.

(e) Contributed goods and services

The organization derives a benefit from members acting as volunteers and directors. Since these services are not normally purchased by the organization and due to the difficulty of determining their fair value these services are not recognized in the financial statements. Contributed good and services are recorded if their fair market value is determinable.

(f) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires the organization's management to make estimates and assumptions that affect the amounts reported in the financial statements and related notes to the financial statements. Actual results may differ from these estimates. The item material to the financial statements that require the use of estimates is the rates of amortization of capital assets.

3. CAPITAL ASSETS

	Cost	Accumulated Amortization	2009 Net Book Value	2008 Net Book Value
Computer equipment	\$ 12,794	\$ 11,240	\$ 1,554	\$ 3,452
Computer software	4,942	4,942	-	-
Office equipment	<u>6,933</u>	<u>3,260</u>	<u>3,673</u>	<u>4,592</u>
	<u>\$ 24,669</u>	<u>\$ 19,442</u>	<u>\$ 5,227</u>	<u>\$ 8,044</u>

4. INCOME TAX STATUS

The Contemporary Art Forum Kitchener and Area (CAFKA) is a not-for-profit organization incorporated without share capital under the laws of the Business Corporation Act of Ontario 1983 and is exempt from income tax under Section 149 of the Income Tax Act.

**CONTEMPORARY ART FORUM KITCHENER AND AREA (CAFKA)**

**NOTES TO FINANCIAL STATEMENTS**

**AS AT NOVEMBER 30, 2009**

**5. FINANCIAL INSTRUMENTS**

Financial instruments consist of accounts receivable, bank overdraft and accounts payable. The carrying value of these financial instruments approximate their fair value. It is management's opinion that the organization is not exposed to significant interest, credit or currency risk arising from these financial instruments.

The organization is not exposed to credit risk on the accounts receivable. The organization does not have significant exposure to any individual customer. Management has included adequate provision for doubtful accounts receivable in these financial statements.

**6. GOVERNMENT AND CHARITABLE GRANTS**

Various grants from government and charitable organizations were received throughout the year to support the operations of the organization. The on-going operations of the organization could not continue without these grants and therefore they are recorded as part of normal operations.

**7. COMPARATIVE FIGURES**

Certain comparative figures have been restated to conform with the presentation adopted in the current year.

**8. RESTATEMENT OF PRIOR YEAR ERROR**

Grant revenue was understated in 2008 due to grants received for CAFKA TV. In 2008 these grants were recorded as deferred revenue, however, these monies had been fully spent in 2008 on CAFKA TV activities. Accordingly, these grants should have been recognized as revenue. The 2008 comparative figures have been restated with the following effect.

	<u>Effect on 2008</u>
Increase in grant revenue	17,860
Decrease in deferred revenue	(17,860)
Increase in unrestricted net assets	17,860