

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

FINANCIAL STATEMENTS

FOR THE YEAR ENDED NOVEMBER 30, 2014

Prepared Without Audit

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REVIEW ENGAGEMENT REPORT

To the directors of Contemporary Art Forum Kitchener and Area (CAFKA):

We have reviewed the statement of financial position of Contemporary Art Forum Kitchener and Area (CAFKA) as at November 30, 2014 and the statements of operations and net deficit and cash flows for the year then ended. These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of inquiry, analytical procedures and discussion related to information supplied to us by the organization.

A review does not constitute an audit and consequently we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian accounting standards for not-for-profit organizations.

Guelph, Ontario
April 13, 2015

Embree & Co. LLP

Embree & Co. LLP
Chartered Accountants
Licensed Public Accountants

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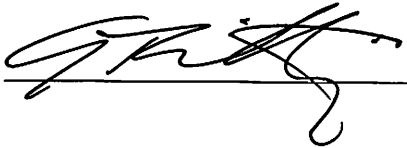
CONTEMPORARY ART FORUM KITCHENER AND AREA (CAFKA)

STATEMENT OF FINANCIAL POSITION

NOVEMBER 30, 2014

	2014	2013
ASSETS		
CURRENT		
Cash	\$ 7,734	\$ -
Restricted cash	-	4,090
Accounts receivable	5,406	-
Government remittances recoverable	2,923	13,705
Prepaid expenses	<u>545</u>	<u>525</u>
	16,608	18,320
EQUIPMENT (note 2)	<u>1,390</u>	<u>1,914</u>
	<u>\$ 17,998</u>	<u>\$ 20,234</u>
LIABILITIES		
CURRENT		
Bank overdraft	\$ -	\$ 1,466
Accounts payable and accrued liabilities (note 3)	60,839	11,658
Deferred revenues	<u>-</u>	<u>19,890</u>
	<u>60,839</u>	<u>33,014</u>
NET DEFICIT		
DEFICIT	<u>(42,841)</u>	<u>(12,780)</u>
	<u>\$ 17,998</u>	<u>\$ 20,234</u>

APPROVED ON BEHALF OF THE BOARD:



Director



Director

(See accompanying notes to financial statements)

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CONTEMPORARY ART FORUM KITCHENER AND AREA (CAFKA)

STATEMENT OF OPERATIONS AND NET DEFICIT

FOR THE YEAR ENDED NOVEMBER 30, 2014

	2014	2013
REVENUES		
Contributed goods and services	\$ 46,400	\$ 6,043
Donations	24,624	18,104
Grants - Foundations	20,000	32,066
Grants - Government	113,428	66,453
Grants - Ontario Arts Council	15,800	15,800
Other	-	17
Sponsorships	<u>77,770</u>	<u>33,111</u>
	<u>298,022</u>	<u>171,594</u>
EXPENSES		
Advertising and promotion	47,316	8,785
Amortization	524	870
Artist-in-residence	27,398	25,704
Bank charges	634	246
Contract labour	5,900	300
Exhibitions	142,113	17,921
Insurance	2,328	2,247
Lectures	10,303	10,616
Office	1,914	3,812
Professional fees	5,564	5,917
Rent	3,974	4,047
Telephone	2,334	1,922
Wages and benefits	<u>77,781</u>	<u>100,444</u>
	<u>328,083</u>	<u>182,831</u>
EXCESS OF EXPENSES OVER REVENUES	(30,061)	(11,237)
DEFICIT, beginning	<u>(12,780)</u>	<u>(1,543)</u>
DEFICIT, ending	<u><u>\$ (42,841)</u></u>	<u><u>\$ (12,780)</u></u>

(See accompanying notes to financial statements)

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CONTEMPORARY ART FORUM KITCHENER AND AREA (CAFKA)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED NOVEMBER 30, 2014

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of expenses over revenues	\$ (30,061)	\$ (11,237)
Charges to earnings not requiring cash:		
Amortization	<u>524</u>	<u>870</u>
	(29,537)	(10,367)
CHANGES IN NON-CASH WORKING CAPITAL		
Increase in accounts receivable	(5,406)	-
Decrease (increase) in government remittances recoverable	10,782	(9,741)
Increase in prepaid expenses	(20)	(10)
Increase (decrease) in accounts payable and accrued liabilities	49,181	(802)
Decrease in deferred revenues	<u>(19,890)</u>	<u>(33,521)</u>
Cash from (used in) operating activities	<u>5,110</u>	<u>(54,441)</u>
 INCREASE (DECREASE) IN CASH	 5,110	 (54,441)
CASH, beginning	<u>2,624</u>	<u>57,065</u>
CASH, ending	<u>\$ 7,734</u>	<u>\$ 2,624</u>
 REPRESENTED BY:		
Cash (bank overdraft)	\$ 7,734	\$ (1,466)
Restricted cash	<u>-</u>	<u>4,090</u>
	<u>\$ 7,734</u>	<u>\$ 2,624</u>

(See accompanying notes to financial statements)

Prepared Without Audit - See Review Engagement Report

CONTEMPORARY ART FORUM KITCHENER AND AREA (CAFKA)

NOTES TO FINANCIAL STATEMENTS

NOVEMBER 30, 2014

Contemporary Art Forum Kitchener and Area (CAFKA) is a not-for-profit organization incorporated without share capital under the Business Corporations Act of Ontario and its primary business activity is presenting 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.

CAFKA is dependent on various grants from government and charitable organizations to support the on-going operations of the organization. The on-going operations of the organization would be impacted on an operational and financial basis without the continuous financial support provided by these various grants.

The organization is a registered charity under the Income Tax Act and is exempt from tax.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and reflect the following policies:

(a) Cash

Cash includes deposits at a major financial institution net of outstanding cheques and deposits.

(b) Equipment

Equipment is recorded at cost. Amortization is provided at the following annual rates:

Computer equipment	- 45% to 55% declining-balance basis
Office equipment	- 20% declining-balance basis

Amortization is calculated at one-half of the normal rate in the year of acquisition.

(c) Impairment of long-lived assets

A long-lived asset is tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the asset no longer has long term service potential to the organization.

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CONTEMPORARY ART FORUM KITCHENER AND AREA (CAFKA)

NOTES TO FINANCIAL STATEMENTS

NOVEMBER 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

(d) Revenue recognition

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

Contributed goods and services are recorded as revenue if their fair market value is determinable and the goods and services are used in the normal course of operations. The contributed amounts consisted of promotional items and design services related to the exhibition.

Donations are recorded as revenue when received.

Grant and sponsorship revenues are recorded as revenue in accordance with the terms and conditions of the grant or sponsorship agreement.

Other revenues are recorded as revenue if the amount to be received can be reasonably estimated and collection is reasonably assured.

The organization derives a benefit from members acting as volunteers and directors. Since these activities are not normally purchased by the organization and due to the difficulty of determining their fair value, the value of these services are not recognized in the financial statements.

(e) Financial instruments

The organization initially measures its financial assets and liabilities at fair value except for certain non-arm's length transactions. The organization subsequently measures all its financial assets and financial liabilities at amortized cost except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payable.

(f) Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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. There are no items material to the financial statements that require the use of estimates.

2. EQUIPMENT

		2014		2013
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	\$ 8,247	\$ 8,061	\$ 186	\$ 409
Office equipment	<u>6,933</u>	<u>5,729</u>	<u>1,204</u>	<u>1,505</u>
	<u>\$ 15,180</u>	<u>\$ 13,790</u>	<u>\$ 1,390</u>	<u>\$ 1,914</u>

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CONTEMPORARY ART FORUM KITCHENER AND AREA (CAFKA)

NOTES TO FINANCIAL STATEMENTS

NOVEMBER 30, 2014

3. RELATED PARTY TRANSACTIONS

Included in accounts payable and accrued liabilities is \$13,958 due to an employee of the organization. The liability represents operating expenses paid by the employee on behalf of the organization. No interest is charged on this liability. These related party transactions were made in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

4. ONTARIO ARTS COUNCIL

As at November 30, 2014, the balance of Ontario Arts Council funding recorded in grants receivable is \$Nil (2013 - \$Nil).

Included in deferred revenues as at November 30, 2014 is \$Nil (2013 - \$15,800) received from the Ontario Arts Council.

Recognized as revenue in Grants - Ontario Arts Council for 2014 is \$15,800 (2013 - \$15,800). These funds were received in 2013 and were deferred until they were recognized during the current year.

The total funds received from the Ontario Arts Council in fiscal 2014 amounted to \$Nil (2013 - \$15,800).

5. FINANCIAL INSTRUMENT RISKS

(a) Credit risk

Credit risk is the risk that other parties may default on their financial obligations.

The organization is exposed to credit risk on its cash and accounts receivable.

Credit risk associated with cash is minimized substantially by ensuring that the assets are invested with a major financial institution.

Credit risk associated with accounts receivable is minimized by not having significant exposure to any high-risk donees. The organization's accounts receivable consists of funds due from government organizations who have little risk of default.

(b) Liquidity risk

Liquidity risk refers to the risk that the organization will not be able to meet a demand for cash or fund its obligations as they come due. Liquidity risk also includes the risk of the organization not being able to liquidate assets in a timely manner at a reasonable price.

The organization meets its liquidity requirements by monitoring cash flows from operations, anticipating investing and financing activities and holding assets that can be readily converted into cash.

(c) Currency risk

Currency risk refers to the risk that the fair value of financial instruments will fluctuate in value relative to the Canadian dollar due to changes in foreign exchange rates.

The organization is not exposed to significant currency risk.

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CONTEMPORARY ART FORUM KITCHENER AND AREA (CAFKA)

NOTES TO FINANCIAL STATEMENTS

NOVEMBER 30, 2014

5. FINANCIAL INSTRUMENT RISKS - continued

(d) Interest rate risk

Interest rate risk refers to the risk that the fair value of the financial instruments will fluctuate due to changes in market interest rates.

The organization is not exposed to significant interest rate risk.

(e) Other price risk

Other price risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer, or factors affecting all instruments traded in the market.

The organization is not exposed to significant other price risk.

(f) Market risk

Market risk refers to the risk that the fair value of financial instruments will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

The organization is not exposed to significant market risk.

The extent of the organization's exposure to the above risks did not change significantly in 2014.