

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

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED NOVEMBER 30, 2007**

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# EMBREE

CHARTERED CO. LLP ACCOUNTANTS

## 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, 2007 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, 2007 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



June 11, 2008  
Guelph, Ontario

Embree & Co. LLP,  
Chartered Accountants  
Licenced Public Accountants

(page 1)

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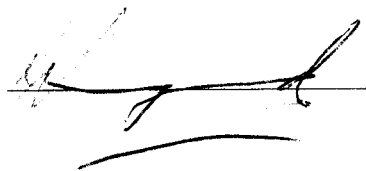
**CONTEMPORARY ART FORUM KITCHENER AND AREA (CAFKA)**

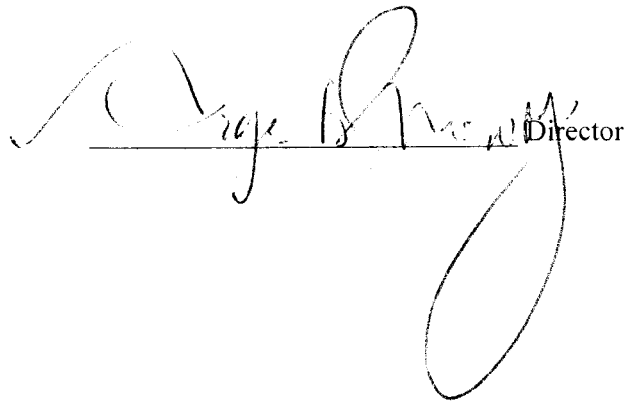
**STATEMENT OF FINANCIAL POSITION**

**AS AT NOVEMBER 30, 2007**

	2007	2006
<b>ASSETS</b>		
<b>CURRENT</b>		
Bank and short term deposits	\$ 26,044	\$ 65,671
Accounts receivable	28,135	771
GST receivable	5,403	579
Prepaid expenses	<u>357</u>	<u>-</u>
	59,939	67,021
<b>CAPITAL</b> (notes 2 and 3)	<u>12,705</u>	<u>4,342</u>
	<u>\$ 72,644</u>	<u>\$ 71,363</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 15,229	\$ 8,255
Withholding taxes payable	731	788
Deferred revenue (note 2)	<u>40,812</u>	<u>45,448</u>
	<u>56,772</u>	<u>54,491</u>
<b>NET ASSETS</b>		
Net assets invested in capital assets	12,705	4,342
Unrestricted net assets	<u>3,167</u>	<u>12,530</u>
	<u>15,872</u>	<u>16,872</u>
	<u>\$ 72,644</u>	<u>\$ 71,363</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, 2007

	Invested in capital assets	Unrestricted net assets	Total 2007	Total 2006
Net assets, beginning of the year	\$ 4,342	\$ 12,530	\$ 16,872	\$ 6,000
Excess of (expenses over revenues) revenues over expenses for the year	(6,242)	5,242	(1,000)	10,872
Interfund transfer representing purchase of capital assets	<u>14,605</u>	<u>(14,605)</u>	<u>-</u>	<u>-</u>
Net assets, end of the year	<u>\$ 12,705</u>	<u>\$ 3,167</u>	<u>\$ 15,872</u>	<u>\$ 16,872</u>

(See accompanying notes to financial statements)

CONTEMPORARY ART FORUM KITCHENER AND AREA (CAFKA)

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED NOVEMBER 30, 2007

	2007	2006
<b>REVENUES</b>		
Catalogue sales	\$ 4,788	\$ 80
Corporate sponsorship	5,000	5,000
Donations	8,302	-
Fundraising	116	-
Grants	203,636	50,385
Interest	1,512	903
JCP-HRDC	-	2,916
Memberships	<u>537</u>	<u>1,430</u>
	<u>223,891</u>	<u>60,714</u>
<b>EXPENSES</b>		
Advertising and promotion	45,105	2,219
Amortization	6,242	1,234
Artists' fees	44,800	2,991
Bank charges	555	78
Contract labour	37,378	18,113
Equipment rental	500	-
Insurance	1,784	-
Office	2,810	1,772
Printing	19,734	1,600
Professional fees	5,912	3,818
Project installments	21,161	-
Rent	900	1,199
Travel	7,144	1,013
Wages and benefits	<u>30,866</u>	<u>15,805</u>
	<u>224,891</u>	<u>49,842</u>
<b>EXCESS OF (EXPENSES OVER REVENUES) REVENUES OVER EXPENSES FOR THE YEAR</b>	<u>\$ (1,000)</u>	<u>\$ 10,872</u>

(See accompanying notes to financial statements)

CONTEMPORARY ART FORUM KITCHENER AND AREA (CAFKA)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED NOVEMBER 30, 2007

	2007	2006
<b>OPERATING ACTIVITIES</b>		
Excess of (expenses over revenues) revenues over expenses for the year	\$ (1,000)	\$ 10,872
Charges to earnings not requiring cash:		
Amortization	<u>6,242</u>	<u>1,234</u>
	5,242	12,106
<b>CHANGES IN NON-CASH WORKING CAPITAL</b>		
(Increase) decrease in accounts receivable	(27,364)	15,125
(Increase) decrease in GST receivable	(4,824)	4,076
Increase in prepaid expenses	(357)	-
Increase in accounts payable and accrued liabilities	6,974	3,686
(Decrease) increase in withholding taxes payable	(57)	788
(Decrease) increase in deferred revenue	<u>(4,636)</u>	<u>7,615</u>
Cash (used in) from operating activities	<u>(25,022)</u>	<u>43,396</u>
<b>INVESTING ACTIVITIES</b>		
Purchases of capital assets	<u>(14,605)</u>	<u>(3,162)</u>
Cash used in investing activities	<u>(14,605)</u>	<u>(3,162)</u>
<b>(DECREASE) INCREASE IN CASH FOR THE YEAR</b>	(39,627)	40,234
<b>CASH, beginning of the year</b>	<u>65,671</u>	<u>25,437</u>
<b>CASH, end of the year represented by bank and short term deposits</b>	<u>\$ 26,044</u>	<u>\$ 65,671</u>

(See accompanying notes to financial statements)

# CONTEMPORARY ART FORUM KITCHENER AND AREA (CAFKA)

## NOTES TO FINANCIAL STATEMENTS

AS AT NOVEMBER 30, 2007

### 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

The Canadian Institute of Chartered Accountants ("CICA") issued section 1506 of the CICA Handbook, "Accounting changes", which describes the criteria for changing accounting policies, along with the accounting and disclosure for changes in accounting policies, changes in accounting estimates and corrections of errors. These changes came into effect for years beginning on or after January 1, 2007.

Effective December 1, 2006, the organization adopted Handbook Section 3855 "Financial Instruments - recognition and measurement", Section 3862, "Financial Instruments - disclosures", and Section 3863, "Financial Instruments - presentation". Section 3855 addresses when financial instruments should be recognized and how they should be measured and Sections 3862 and 3863 provide standards for how financial instruments should be classified in the financial statements and the disclosure requirements.

With the adoption of these new standards, the organization has classified its bank and short term deposits, accounts receivable and accounts payable as financial assets and liabilities held for trading.

The organization has initially measured all of its opening financial instruments at fair value. The implementation of the new Handbook Section does not result in any changes between the opening values and the comparative closing values. Subsequently, held for trading financial assets are measured at fair value at the statement of financial position date with any gain or loss recognized immediately in the statement of operations. Interest and dividends earned from held for trading assets are also included in income for the period.

#### (b) Capital assets and amortization

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

Computer equipment	- 30% to 45% 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

#### (c) Deferred revenue

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



CONTEMPORARY ART FORUM KITCHENER AND AREA (CAFKA)

NOTES TO FINANCIAL STATEMENTS

AS AT NOVEMBER 30, 2007

(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.

(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, donated services are not recognized in the financial statements. Contributed goods are also not recognized in these financial statements.

(f) Financial instruments

Financial instruments consist of bank and short term deposits, accounts receivable and accounts payable. In accordance with Section 3855, "Financial Instruments - recognition and measurement", these financial assets and liabilities are classified as held for trading and measured at their fair value.

(g) 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	2007 Net Book Value	2006 Net Book Value
Computer equipment	\$ 12,794	\$ 5,122	\$ 7,672	\$ 1,139
Computer software	4,942	2,471	2,471	-
Office equipment	<u>3,756</u>	<u>1,194</u>	<u>2,562</u>	<u>3,203</u>
	<u>\$ 21,492</u>	<u>\$ 8,787</u>	<u>\$ 12,705</u>	<u>\$ 4,342</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.

5. FINANCIAL INSTRUMENTS

The carrying values of the financial instruments approximate their fair value. It is management's opinion that the organization is not exposed to significant credit, interest or currency risks arising from these financial statements.

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

**NOTES TO FINANCIAL STATEMENTS**

**AS AT NOVEMBER 30, 2007**

**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.