

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

FINANCIAL STATEMENTS

FOR THE YEAR ENDED NOVEMBER 30, 2008

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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, 2008 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, 2008 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

February 5, 2009
Guelph, Ontario

Embree & Co. LLP,
Chartered Accountants
Licenced Public Accountants

(page 1)

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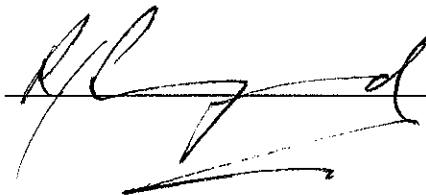
CONTEMPORARY ART FORUM KITCHENER AND AREA (CAFKA)

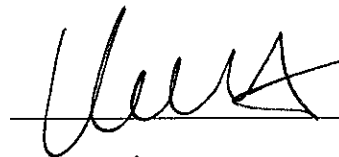
STATEMENT OF FINANCIAL POSITION

AS AT NOVEMBER 30, 2008

	2008	2007
ASSETS		
CURRENT		
Bank	\$ 21,223	\$ 11,044
GIC	-	15,000
Accounts receivable	50,900	28,135
GST receivable	1,423	5,403
Prepaid expenses	<u>585</u>	<u>357</u>
	74,131	59,939
CAPITAL (notes 2 and 3)	<u>8,045</u>	<u>12,705</u>
	<u>\$ 82,176</u>	<u>\$ 72,644</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 6,985	\$ 15,229
Withholding taxes payable	2,388	731
Deferred revenue (note 2)	<u>50,360</u>	<u>40,812</u>
	<u>59,733</u>	<u>56,772</u>
NET ASSETS		
Net assets invested in capital assets	8,045	12,705
Unrestricted net assets	<u>14,398</u>	<u>3,167</u>
	<u>22,443</u>	<u>15,872</u>
	<u>\$ 82,176</u>	<u>\$ 72,644</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, 2008

	Invested in capital assets	Unrestricted net assets	Total 2008	Total 2007
Net assets, beginning of the year	\$ 12,705	\$ 3,167	\$ 15,872	\$ 16,872
Excess of revenues over expenses (expenses over revenues) for the year	(7,838)	14,409	6,571	(1,000)
Interfund transfer representing purchase of capital assets	<u>3,178</u>	<u>(3,178)</u>	<u>-</u>	<u>-</u>
Net assets, end of the year	\$ <u>8,045</u>	\$ <u>14,398</u>	\$ <u>22,443</u>	\$ <u>15,872</u>

(See accompanying notes to financial statements)

CONTEMPORARY ART FORUM KITCHENER AND AREA (CAFKA)

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED NOVEMBER 30, 2008

	2008	2007
REVENUES		
Catalogue sales	\$ 194	\$ 4,788
Corporate sponsorship	5,000	5,000
Donations	2,500	8,302
Fundraising	-	116
Grants	119,892	203,636
Interest	229	1,512
Memberships	35	537
Other	<u>515</u>	<u>-</u>
	<u>128,365</u>	<u>223,891</u>
EXPENSES		
Advertising and promotion	4,027	45,105
Amortization	7,838	6,242
Artists' fees	38	44,800
Bank charges and interest	1,788	555
Bookkeeping	4,618	2,426
Contract labour	14,759	37,378
Equipment rental	-	500
Insurance	2,285	1,784
Office	4,320	2,810
Printing	-	19,734
Professional fees	4,100	3,486
Project installments	7,056	21,161
Rent	4,153	900
Travel	461	7,144
Wages and benefits	<u>66,351</u>	<u>30,866</u>
	<u>121,794</u>	<u>224,891</u>
EXCESS OF REVENUES OVER EXPENSES (EXPENSES OVER REVENUES) FOR THE YEAR	<u>\$ 6,571</u>	<u>\$ (1,000)</u>

(See accompanying notes to financial statements)

CONTEMPORARY ART FORUM KITCHENER AND AREA (CAFKA)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED NOVEMBER 30, 2008

	2008	2007
OPERATING ACTIVITIES		
Excess of (expenses over revenues) revenues over expenses for the year	\$ 6,571	\$ (1,000)
Charges to earnings not requiring cash:		
Amortization	<u>7,838</u>	<u>6,242</u>
	14,409	5,242
CHANGES IN NON-CASH WORKING CAPITAL		
Increase in accounts receivable	(22,765)	(27,364)
(Increase) decrease in GST receivable	3,980	(4,824)
Increase in prepaid expenses	(228)	(357)
(Decrease) increase in accounts payable and accrued liabilities	(8,244)	6,974
Increase (decrease) in withholding taxes payable	1,657	(57)
(Decrease) increase in deferred revenue	<u>9,548</u>	<u>(4,636)</u>
Cash used in operating activities	<u>(1,643)</u>	<u>(25,022)</u>
INVESTING ACTIVITIES		
Purchases of capital assets	<u>(3,178)</u>	<u>(14,605)</u>
Cash used in investing activities	<u>(3,178)</u>	<u>(14,605)</u>
DECREASE IN CASH FOR THE YEAR	(4,821)	(39,627)
CASH, beginning of the year	<u>26,044</u>	<u>65,671</u>
CASH, end of the year	<u>\$ 21,223</u>	<u>\$ 26,044</u>
REPRESENTED BY:		
Bank	\$ 21,223	\$ 11,044
GIC	<u>-</u>	<u>15,000</u>
	<u>\$ 21,223</u>	<u>\$ 26,044</u>

(See accompanying notes to financial statements)

CONTEMPORARY ART FORUM KITCHENER AND AREA (CAFKA)

NOTES TO FINANCIAL STATEMENTS

AS AT NOVEMBER 30, 2008

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.

(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

(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.

(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.

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CONTEMPORARY ART FORUM KITCHENER AND AREA (CAFKA)

NOTES TO FINANCIAL STATEMENTS

AS AT NOVEMBER 30, 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

(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.

(h) Future accounting changes

Section 1400 - General standards of financial statement presentation – effective for fiscal years beginning on or after January 1, 2008. This section now includes requirements to assess and disclose an entity's ability to continue as a going concern. The Company does not expect the adoption of these changes to have a material impact on its financial statements.

3. CAPITAL ASSETS

	Cost	Accumulated Amortization	2008 Net Book Value	2007 Net Book Value
Computer equipment	\$ 12,795	\$ 9,342	\$ 3,453	\$ 7,672
Computer software	4,942	4,942	-	2,471
Office equipment	<u>6,933</u>	<u>2,341</u>	<u>4,592</u>	<u>2,562</u>
	<u>\$ 24,670</u>	<u>\$ 16,625</u>	<u>\$ 8,045</u>	<u>\$ 12,705</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.

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.