

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

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED NOVEMBER 30, 2010**

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## AUDITORS' REPORT

To 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, 2010 and the statements of operations and 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, 2010 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Embree & Co. LLP*

February 24, 2011  
Guelph, Ontario

Embree & Co. LLP,  
Chartered Accountants  
Licenced Public Accountants

(page 1)

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

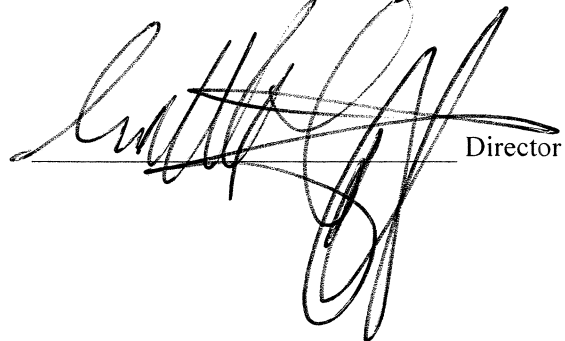
**STATEMENT OF FINANCIAL POSITION**

**AS AT NOVEMBER 30, 2010**

	<b>2010</b>	<b>2009</b>
<b>ASSETS</b>		
<b>CURRENT</b>		
Bank	\$ 67,816	\$ -
Grants receivable (note 2)	98,268	25,702
HST receivable	781	3,130
Withholding taxes receivable	6,033	-
Prepaid expenses	<u>556</u>	<u>1,753</u>
	173,454	30,585
<b>CAPITAL</b> (notes 2 and 3)	3,638	5,227
<b>GRANTS RECEIVABLE</b> (note 2)	<u>20,600</u>	<u>-</u>
	<u><u>\$ 197,692</u></u>	<u><u>\$ 35,812</u></u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Bank overdraft	\$ -	\$ 870
Accounts payable and accrued liabilities	12,005	16,952
Withholding taxes payable	-	2,719
Deferred revenue (note 2)	<u>139,068</u>	<u>15,800</u>
	151,073	36,341
<b>LONG-TERM</b>		
Deferred revenue (note 2)	<u>20,600</u>	<u>-</u>
	171,673	36,341
<b>NET ASSETS</b>		
<b>FUND BALANCE</b>	<u>26,019</u>	<u>(529)</u>
	<u><u>\$ 197,692</u></u>	<u><u>\$ 35,812</u></u>

**APPROVED ON BEHALF OF THE BOARD:**

OT-Lane FCA Director

 Director

(See accompanying notes to financial statements)

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

**STATEMENT OF OPERATIONS AND NET ASSETS**

**FOR THE YEAR ENDED NOVEMBER 30, 2010**

	<b>2010</b>	<b>2009</b>
<b>REVENUES</b> (note 2)		
Grants - Government	\$ 136,249	\$ 83,712
Grants - Foundations	30,170	111,800
Grants - Other	-	90,033
Contributions and memberships	<u>5,368</u>	<u>9,764</u>
	<u>171,787</u>	<u>295,309</u>
 <b>EXPENSES</b>		
Advertising and promotion	2,472	13,271
Amortization	1,589	2,817
Bank charges	641	735
Bi-annual event	-	183,358
Bookkeeping	-	615
Insurance	3,286	2,666
Lectures	11,924	-
Office	2,220	2,428
Professional fees	10,137	6,931
Programs	5,177	8,543
Rent	4,298	3,821
Telephone	2,259	1,514
Travel	-	1,514
Wages and benefits	<u>101,236</u>	<u>107,927</u>
	<u>145,239</u>	<u>336,140</u>
 <b>EXCESS OF REVENUES OVER EXPENSES (EXPENSES OVER REVENUES) FOR THE YEAR</b>	26,548	(40,831)
<b>(DEFICIT) NET ASSETS, beginning of the year</b>	<u>(529)</u>	<u>40,302</u>
<b>NET ASSETS (DEFICIT), end of the year</b>	\$ <u><u>26,019</u></u>	\$ <u><u>(529)</u></u>

(See accompanying notes to financial statements)

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

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED NOVEMBER 30, 2010**

	<b>2010</b>	<b>2009</b>
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenses (expenses over revenues) for the year	\$ 26,548	\$ (40,831)
Charges to earnings not requiring cash:		
Amortization	<u>1,589</u>	<u>2,817</u>
	28,137	(38,014)
<b>CHANGES IN NON-CASH WORKING CAPITAL</b>		
(Increase) decrease in accounts receivable	(93,166)	25,198
Decrease (increase) in HST receivable	2,349	(1,707)
Decrease (increase) in prepaid expenses	1,197	(1,168)
(Decrease) increase in accounts payable and accrued liabilities	(4,948)	9,967
(Decrease) increase in withholding taxes payable	(8,751)	331
Increase (decrease) in deferred revenue	<u>143,868</u>	<u>(16,700)</u>
Cash from (used in) operating activities	<u>68,686</u>	<u>(22,093)</u>
 <b>INCREASE (DECREASE) IN CASH FOR THE YEAR</b>	 68,686	 (22,093)
<b>CASH, beginning of the year</b>	<u>(870)</u>	<u>21,223</u>
<b>CASH, end of the year represented by bank</b>	<u>\$ 67,816</u>	<u>\$ (870)</u>

(See accompanying notes to financial statements)

# CONTEMPORARY ART FORUM KITCHENER AND AREA (CAFKA)

## NOTES TO FINANCIAL STATEMENTS

AS AT NOVEMBER 30, 2010

### 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) 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

#### (b) Deferred revenue

Deferred revenue represents project grants that are received, or receivable in advance of performing the project activities.

#### (c) 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.

#### (d) 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.

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# CONTEMPORARY ART FORUM KITCHENER AND AREA (CAFKA)

## NOTES TO FINANCIAL STATEMENTS

AS AT NOVEMBER 30, 2010

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

#### (e) 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. There are no items material to the financial statements that require the use of estimates.

### 3. CAPITAL ASSETS

	Cost	Accumulated Amortization	2010 Net Book Value	2009 Net Book Value
Computer equipment	\$ 12,794	\$ 12,095	\$ 699	\$ 1,554
Office equipment	<u>6,933</u>	<u>3,994</u>	<u>2,939</u>	<u>3,673</u>
	<u>\$ 19,727</u>	<u>\$ 16,089</u>	<u>\$ 3,638</u>	<u>\$ 5,227</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

Financial instruments consist of bank, accounts receivable 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.

### 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. FUTURE CHANGE IN GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

Beginning December 1, 2011, the organization will adopt a new source of accounting principles being Canadian generally accepted accounting principles for not-for-profit organizations. Management is currently evaluating the impact that this will have on the organization.