

**GLENHYRST ART GALLERY  
OF BRANT INCORPORATED**

**FINANCIAL STATEMENTS**  
**For the year ended October 31, 2023**

# **GLENHYRST ART GALLERY OF BRANT INCORPORATED**

**For the year ended October 31, 2023**

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## INDEPENDENT AUDITORS' REPORT

To the Directors of  
**Glenhyrst Art Gallery of Brant Incorporated**

### Qualified Opinion

We have audited the financial statements of Glenhyrst Art Gallery of Brant Incorporated (the 'Gallery'), which comprise the statement of financial position as at October 31, 2023, and the statements of operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Gallery as at October 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Basis for Qualified Opinion

In common with many not-for-profit organizations, the Gallery derives revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Gallery. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising and donation revenue, excess of revenues over expenses, and cash flows from operations for the years ended October 31, 2023 and 2022, current assets as at October 31, 2023 and 2022, and net assets as at November 1 and October 31 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended October 31, 2022 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of Financial Statements* section of our report. We are independent of the Gallery in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Gallery's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Gallery or to cease operations, or has no realistic alternative but to do so.

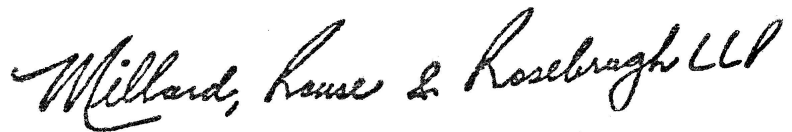
Those charged with governance are responsible for overseeing the Gallery's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Gallery's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Gallery's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Gallery to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



February 13, 2024  
Brantford, Ontario

CHARTERED PROFESSIONAL ACCOUNTANTS  
Licensed Public Accountants

**GLENHYRST ART GALLERY OF BRANT INCORPORATED**

**STATEMENT OF FINANCIAL POSITION**

As at October 31	2023	2022
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and bank	331,630	441,373
Short term investments	251,590	47,927
Accounts receivable	3,151	-
Prepaid expenses	3,692	3,547
Government receivables	6,300	7,264
	596,363	500,111
<b>Restricted Cash and Short Term Investments</b> (Notes 3 and 6)	219,599	212,854
<b>Permanent Collection</b> (Note 4)	1,783,682	1,783,381
<b>Capital Assets</b> (Note 5)	10,261	-
	2,609,905	2,496,346
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	56,781	43,142
Deferred revenue	1,250	-
	58,031	43,142
<b>NET ASSETS</b>		
Invested in permanent collection	1,783,682	1,783,381
Externally restricted (Notes 3 and 6)	219,599	212,854
Unrestricted	548,593	456,969
	2,551,874	2,453,204
	2,609,905	2,496,346

Approved on behalf of the Board of Directors

..... Director

..... Director

# GLENHYRST ART GALLERY OF BRANT INCORPORATED

## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS - UNRESTRICTED FUND

<b>For the year ended October 31</b>	<b>2023</b>	<b>2022</b>
<b>Revenue</b>		
Art rental	4,796	4,788
Donations	27,219	25,176
Exhibitions and sponsorships	17,445	11,470
Fundraising	123,150	122,514
Cookbook	200	160
Gardeners cottage	9,465	4,515
Gift shop	4,332	7
Memberships	5,995	6,060
Miscellaneous	4,543	290
Operating grants	95,921	130,690
Public programs and classes	131,273	47,124
Summer art camp	111,275	113,520
	<b>535,614</b>	<b>466,314</b>
<b>Expenses (Page 6)</b>		
Administration	28,231	22,029
Operational	421,601	381,382
	<b>449,832</b>	<b>403,411</b>
<b>Excess of Revenue over Expenses</b>	<b>85,782</b>	<b>62,903</b>
<b>Unrestricted Net Assets - Beginning of Year</b>	<b>456,969</b>	<b>387,809</b>
<b>Transfer from Externally Restricted Funds</b>	<b>5,842</b>	<b>6,257</b>
<b>Unrestricted Net Assets - End of Year</b>	<b>548,593</b>	<b>456,969</b>

*See accompanying notes*

# GLENHYRST ART GALLERY OF BRANT INCORPORATED

## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS - PERMANENT COLLECTION

For the year ended October 31	2023	2022
<b>Revenue</b>		
Donations	301	2,300
<b>Excess of Revenue over Expenses</b>	301	2,300
<b>Permanent Collection Net Assets - Beginning of Year</b>	1,783,381	1,781,081
<b>Permanent Collection Net Assets - End of Year</b>	1,783,682	1,783,381

## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS - EXTERNALLY RESTRICTED

For the year ended October 31	2023	2022
<b>Revenue</b>		
Investment income (loss)	13,738	(11,069)
<b>Expenses</b>		
Operational	1,151	2,350
<b>Excess of Revenue over Expenses</b>	12,587	(13,419)
<b>Externally Restricted Net Assets - Beginning of Year</b>	212,854	232,530
<b>Transfer to Unrestricted Funds</b>	(5,842)	(6,257)
<b>Externally Restricted Net Assets - End of Year</b>	219,599	212,854

# GLENHYRST ART GALLERY OF BRANT INCORPORATED

## SCHEDULE OF EXPENSES - UNRESTRICTED FUND

For the year ended October 31	2023	2022
<b>Administration</b>		
Bank charges and interest	7,828	7,321
Professional fees	20,403	14,708
	28,231	22,029
<b>Operational</b>		
Advertising and newsletters	2,464	1,242
Art rental	5,833	3,583
Committee expenses	656	-
Exhibitions	35,977	31,480
Fundraising	31,044	23,771
Insurance	9,837	8,771
Memberships	1,659	926
Office supplies and gallery expenses	11,524	38,865
Public programs and classes	82,371	63,100
Amortization	1,453	-
Summer art camp	29,124	34,808
Travel	402	445
Wages and benefits	209,257	174,391
	421,601	381,382



# GLENHYRST ART GALLERY OF BRANT INCORPORATED

## STATEMENT OF CASH FLOWS

For the year ended October 31	2023	2022
<b>Cash Flows From Operating Activities</b>		
Excess of revenue over expenses:		
Unrestricted fund	85,782	62,903
Permanent collection	301	2,300
Externally restricted fund	12,587	(13,419)
	98,670	51,784
Charges (credits) to income not involving cash		
Amortization	1,453	-
Additions to permanent collection	(301)	(2,300)
	99,822	49,484
<b>Net Changes from Operating Activity</b>		
Accounts receivable	(2,187)	31,911
Prepaid expenses	(145)	(324)
Accounts payable and accrued liabilities	13,639	9,431
Deferred revenue	1,250	(42,700)
	12,557	(1,682)
<b>Cash Flows From Investing Activities</b>		
(Increase) decrease in short term investments	(203,663)	(217)
(Increase) decrease in restricted cash and investments	(6,745)	17,376
Purchase of capital assets	(11,714)	-
	(222,122)	17,159
<b>Net Decrease in Cash and Bank</b>	(109,743)	67,261
<b>Opening Cash and Bank</b>	441,373	374,112
<b>Closing Cash and Bank</b>	331,630	441,373

See accompanying notes

# GLENHYRST ART GALLERY OF BRANT INCORPORATED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2023

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### 1. PURPOSE OF THE ORGANIZATION

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Glenhyrst Art Gallery of Brant Incorporated (the Gallery) is a public arts centre serving the citizens of Brant County. The Gallery operates programs designed to encourage appreciation, enjoyment, and education in the visual arts. Glenhyrst Art Gallery of Brant is incorporated under the Canada Corporations Act as a not-for-profit organization and is a registered charity under the Income Tax Act.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

#### **Revenue Recognition and Fund Accounting**

Contribution revenue is recognized by the corporation using the restricted fund method.

The Operating Fund accounts for the revenues and expenses related to the Gallery's program delivery and administration activities.

The Endowment Fund segregates assets and their related incomes, subject to externally imposed restrictions through the arts endowment fund program.

The Gallery recognizes its interest using the accrual basis of accounting. Revenues from the gallery are recognized at the time of sale and those from fundraising activities when such activities are held.

#### **Use of Estimates**

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

#### **Financial Instruments**

The Gallery initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value. Transaction costs related to financial assets that will be subsequently measured at fair value are recognized in the statement of operations in the year in which they are incurred.

The Gallery subsequently measures its financial assets and liabilities at cost or amortized cost. Financial assets measured at cost include cash and accounts receivable. Investments in equity instruments that are quoted in an active market are subsequently measured at fair value. Financial liabilities measured at amortized cost include the accounts payable and accrued liabilities.

For financial assets measured at cost or amortized cost, the Gallery determines whether there are indicators of possible impairment. When there is an indication of impairment, and the Gallery determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in income. If the indicators of impairment have decreased or no longer exist, the previously recognized impairment loss shall be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in income.

# GLENHYRST ART GALLERY OF BRANT INCORPORATED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2023

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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#### Capital Assets

Capital assets are recorded at cost. Amortization is provided annually at rates calculated to write-off the assets over their estimated useful lives as follows:

Computers	55% declining balance
Equipment & Furniture	20% declining balance

In the year of acquisition, amortization is provided for at one-half of the above rates. No amortization is provided for in the year of disposal.

#### Contributed Services

The Gallery would not be able to carry out its activities without the services of the many volunteers who donate a considerable number of hours. Because of the difficulty in compiling these hours, contributed services are not recognized in the financial statements.

#### Permanent Collection

The permanent collection are recorded at cost. For pieces contributed to the collection, cost is deemed to be the fair value at the date of contribution plus all costs directly attributable to the acquisition of the collection items.

#### Government Assistance

Government assistance is recognized as revenue at the time it is granted, provided there is reasonable assurance that the Gallery will continue to comply with all the conditions of the conditions of the government assistance. During the current year, a City of Brantford Grant of \$61,000 (2022 - \$61,000) was received.

### 3. RESTRICTED ASSETS

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Net assets restricted for endowment purposes are subject to externally imposed restrictions stipulating that the resources be maintained permanently. Income generated by these funds must be used in accordance with the bylaws of the endowment fund.

The Gallery, together with other participating organizations, established a fund under the Arts Endowment Fund Program, maintained by the Ontario Arts Foundation. The market value of the Gallery's share of the fund is \$114,711 (2022 - \$110,544). Interest is paid annually on this fund at 5% and in 2023 the Gallery received \$5,842 (2022 - \$6,257). The Gallery has no entitlement to the Capital Funds and, should the Gallery cease operations, these funds would be distributed among other participating organizations.

Restricted assets also consist of \$104,888 in investments (2022 - \$102,310).

# GLENHYRST ART GALLERY OF BRANT INCORPORATED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2023

### 4. PERMANENT COLLECTION

The Gallery's policy for the permanent collection of artworks and sculptures is to obtain an appraisal for insurance purposes and to update the carrying value on the Gallery's books. The permanent collection value will only change if it is impaired. The permanent collection was most recently appraised in 2016.

Of the 576 works in the permanent collection, 11 are owned by the City of Brantford. The Gallery is responsible for insuring these works. Based on the 2016 appraisal, the value of the works owned by the City is \$135,500.

During the year a piece was contributed to the Gallery, the fair value of the item was not able to be determined. It was recorded at a nominal value in the collection.

5. CAPITAL ASSETS	Cost	Accumulated Amortization	2023	2022
Equipment	10,108	1,011	9,097	-
Computer	1,606	442	1,164	-
	11,714	1,453	10,261	-

As per Sec. 4433 of the Accounting Standards for not-for-profit organizations, capitalization is required when an Organization exceeds \$500,000 in average revenues for the current and preceding years. The Gallery has reached this threshold in 2023. Retrospective application was not practical.

6. EXTERNALLY RESTRICTED NET ASSETS / ENDOWMENT FUND	2023	2022
Balance - beginning of year	212,854	232,530
Investment Gain (Loss)	13,738	(11,069)
Transfers	(5,842)	(6,257)
Expenditures	(1,151)	(2,350)
Balance - end of year	219,599	212,854

### 7. COMMITMENTS

Glenhyrst Art Gallery of Brant Incorporated has committed to a lease for the land with the City of Brantford for \$2 per year until 2028.

The Gallery has also committed to renovations totaling \$36,000 which will commence after year end.

**GLENHYRST ART GALLERY OF BRANT INCORPORATED**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended October 31, 2023**

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**8. ECONOMIC DEPENDENCE**

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The Gallery is dependant on annual contributions from The City of Brantford in order to finance its operations. Annual contributions account for 12.7% (2022 - 13%) of sales. Should these contributions cease, the Gallery would be unable to continue operations in its present form.

**9. FINANCIAL INSTRUMENTS**

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The Gallery has identified the following financial risks:

**Credit Risk**

The Gallery's exposure to credit risk relates to its accounts receivable. The risk of significant credit loss is considered remote.

**Liquidity Risk**

Liquidity risk is the risk that the Gallery will encounter difficulty in meeting obligations associated with financial liabilities. The Gallery's ability to meet obligations depends on the receipt of funds from donations, fundraising, grants, membership fees and public programs.

**Market Risk**

The Gallery holds investments that may be subject to fluctuations in market value. The Gallery considers its investments to be conservative with low market risk.

**10. COMPARATIVE FIGURES**

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Certain of the prior year's figures, provided for purposes of comparison, have been reclassified to conform with the current period's presentation.