

**GLENHYRST ART GALLERY  
OF BRANT INCORPORATED**

**FINANCIAL STATEMENTS**  
**For the year ended October 31, 2022**

**GLENHYRST ART GALLERY  
OF BRANT INCORPORATED**

**For the year ended October 31, 2022**

**INDEX**

	Page
INDEPENDENT AUDITORS' REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Operations and Changes in Net Assets - Unrestricted Fund	4
Schedule of Expenses - Unrestricted Fund	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 9

## 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, 2022, 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, 2022, 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, 2022 and 2021, current assets as at October 31, 2022 and 2021, and net assets as at November 1 and October 31 for both the 2022 and 2021 years. Our audit opinion on the financial statements for the year ended October 31, 2021 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.

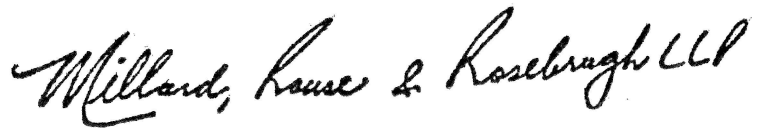
Those charged with governance are responsible for overseeing the Gallery's financial reporting process.

### **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 14, 2023  
Brantford, Ontario

CHARTERED PROFESSIONAL ACCOUNTANTS  
Licensed Public Accountants

**GLENHYRST ART GALLERY OF BRANT INCORPORATED**

**STATEMENT OF FINANCIAL POSITION**

As at October 31	2022	2021
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and bank	441,373	374,112
Short term investments	47,927	47,710
Accounts receivable	-	36,557
Prepaid expenses	3,547	3,223
Government receivables	7,264	2,624
	500,111	464,226
<b>Restricted Cash and Short Term Investments</b> (Notes 3 and 5)	212,854	232,530
<b>Permanent Collection</b> (Note 4)	1,783,381	1,781,081
	2,496,346	2,477,837
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	43,142	33,717
Deferred revenue	-	42,700
	43,142	76,417
<b>NET ASSETS</b>		
Invested in permanent collection	1,783,381	1,781,081
Externally restricted (Notes 3 and 5)	212,854	232,530
Unrestricted	456,969	387,809
	2,453,204	2,401,420
	2,496,346	2,477,837

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>2022</b>	<b>2021</b>
<b>Revenue</b>		
Art rental	4,788	5,431
Donations	25,176	81,587
Exhibitions and sponsorships	11,470	5,000
City Hall art	-	15,188
Fundraising	122,514	2,500
Cookbook	160	260
Gardeners cottage	4,515	4,332
Gift shop	7	-
Memberships	6,060	4,580
Miscellaneous	290	5,471
Operating grants	136,947	66,550
Public programs and classes	47,124	36,196
Summer art camp	113,520	68,072
	<b>472,571</b>	<b>295,167</b>
<b>Expenses (Page 5)</b>		
Administration	22,029	18,719
Operational	381,382	235,856
	<b>403,411</b>	<b>254,575</b>
<b>Excess of Revenue over Expenses</b>	<b>69,160</b>	<b>40,592</b>
<b>Unrestricted Net Assets - Beginning of Year</b>	<b>387,809</b>	<b>347,217</b>
<b>Unrestricted Net Assets - End of Year</b>	<b>456,969</b>	<b>387,809</b>

# GLENHYRST ART GALLERY OF BRANT INCORPORATED

## SCHEDULE OF EXPENSES - UNRESTRICTED FUND

For the year ended October 31	2022	2021
<b>Administration</b>		
Bank charges and interest	7,321	3,192
Professional fees	14,708	15,527
	22,029	18,719
<b>Operational</b>		
Advertising and newsletters	1,242	800
Art rental	3,583	3,705
Committee expenses	-	67
Exhibitions	31,480	28,611
Fundraising	23,771	-
Insurance	8,771	7,839
Memberships	926	754
Office supplies and gallery expenses	38,865	10,637
Public programs and classes	63,100	44,764
City Hall art	-	25,260
Summer art camp	34,808	29,637
Travel	445	105
Wages and benefits	174,391	83,677
	381,382	235,856

# GLENHYRST ART GALLERY OF BRANT INCORPORATED

## STATEMENT OF CASH FLOWS

<b>For the year ended October 31</b>	<b>2022</b>	<b>2021</b>
<b>Cash Flows From Operating Activities</b>		
Excess of revenue over expenses	69,160	40,592
<b>Net Changes from Operating Activity</b>		
Accounts receivable	31,911	(17,321)
Prepaid expenses	(324)	(235)
Accounts payable and accrued liabilities	9,431	1,068
Deferred revenue	(42,700)	42,700
	(1,682)	26,212
<b>Cash Flows From Investing Activities</b>		
(Increase) decrease in short term investments	(217)	(4,916)
<b>Net Increase in Cash and Bank</b>	67,261	61,888
<b>Opening Cash and Bank</b>	374,112	312,224
<b>Closing Cash and Bank</b>	441,373	374,112

*See accompanying notes*



# GLENHYRST ART GALLERY OF BRANT INCORPORATED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2022

---

### 1. PURPOSE OF THE ORGANIZATION

---

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

---

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, 2022

---

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

---

#### **Property, Plant and Equipment**

In accordance with CPA Canada Handbook, Part III section 4433.03, the Gallery has elected to expense its capital asset purchases. During the year, capital assets expensed were \$69,791 (2021 - \$5,642).

#### **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.

#### **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, Canada Emergency Wage Subsidy of \$nil (2021 - \$62,121) and City of Brantford Grant of \$61,000 (2021 - \$55,000) were received.

### 3. RESTRICTED ASSETS

---

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 \$110,544 (2021 - \$129,962). Interest is paid annually on this fund at 5% and in 2022 the Gallery received \$237 (2021 - \$807). 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 \$102,310 in investments (2021 - \$102,568).

### 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 540 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.

**GLENHYRST ART GALLERY OF BRANT INCORPORATED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended October 31, 2022**

<b>5.      <b>EXTERNALLY RESTRICTED NET ASSETS / ENDOWMENT FUND</b></b>	<b>2022</b>	<b>2021</b>
Balance - beginning of year	232,530	215,962
Investment (Loss) Gain	(11,069)	28,188
Transfers	(6,257)	(10,064)
Expenditures	(2,350)	(1,556)
Balance - end of year	212,854	232,530

**6.      **ECONOMIC DEPENDENCE****

The Gallery is dependant on annual contributions from The City of Brantford in order to finance its operations. Annual contributions account for 13% (2021 - 19%) of sales. Should these contributions cease, the Gallery would be unable to continue operations in its present form.

**7.      **FINANCIAL INSTRUMENTS****

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.

**8.      **COVID-19 PANDEMIC****

During and subsequent to year-end, the Gallery has continued to be negatively impacted by the effects of the world-wide coronavirus pandemic. The Gallery is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impacts of this unprecedented situation.

Although most normal operations have resumed in fiscal 2022, revenues were still negatively impacted as there have been reduced attendances at programming and events.

As of issuance of these financial statements, the full impact of the pandemic to the Gallery's financial position is not known.