

**GLENHYRST ART GALLERY
OF BRANT INCORPORATED**

FINANCIAL STATEMENTS
For the year ended October 31, 2019

**GLENHYRST ART GALLERY
OF BRANT INCORPORATED**

For the year ended October 31, 2019

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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 'Entity'), which comprise the statement of financial position as at October 31, 2019, and the statements of operations, 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 Entity as at October 31, 2019, 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 Entity 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 Entity. 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, 2019 and 2018, current assets as at October 31, 2019 and 2018, and net assets as at November 1 and October 31 for both the 2019 and 2018 years. Our audit opinion on the financial statements for the year ended October 31, 2018 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 Entity 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

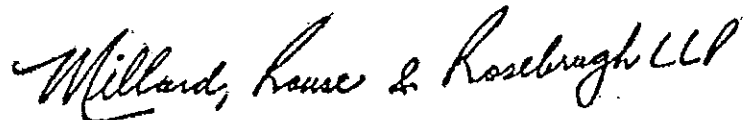
Those charged with governance are responsible for overseeing the Entity's financial reporting process.

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 Entity'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 Entity'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 Entity 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, 2020
Brantford, Ontario

CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

GLENHYRST ART GALLERY OF BRANT INCORPORATED

STATEMENT OF FINANCIAL POSITION

As at October 31	2019	2018
ASSETS		
Current Assets		
Cash and bank	310,417	244,856
Short term investments	41,887	41,294
Accounts receivable	13,036	17,614
Prepaid expenses	2,723	3,925
Government receivables	4,460	18,244
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	372,523	325,933
Restricted Assets (Notes 3 and 5)		
Cash and short term investments	222,738	217,890
Permanent Collection (Note 4)	1,709,131	1,701,981
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	2,304,392	2,245,804
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LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	20,615	20,721
	<hr/>	<hr/>
NET ASSETS		
Invested in permanent collection	1,709,131	1,701,981
Externally restricted (Notes 3 and 5)	222,738	217,890
Unrestricted	351,908	305,212
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	2,283,777	2,225,083
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	2,304,392	2,245,804
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Approved on behalf of the Board of Directors

..... Director

..... Director

See accompanying notes

GLENHYRST ART GALLERY OF BRANT INCORPORATED

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS - UNRESTRICTED FUND

For the year ended October 31	2019	2018
Revenue		
Art rental	12,783	19,174
Donations	19,117	13,508
Exhibitions and sponsorships	8,370	9,540
Fundraising	97,650	94,375
Gardeners cottage	5,500	6,000
Gift shop	1,234	75
Memberships	6,110	7,450
Miscellaneous	3,944	3,485
Operating grants	99,014	186,276
Public programs and classes	71,334	70,872
Summer art camp	108,196	111,855
	433,252	522,610
Expenses (Page 5)		
Administration	22,557	28,065
Operational	363,999	527,404
	386,556	555,469
Excess of Revenue over Expenses	46,696	(32,859)
Unrestricted Net Assets - Beginning of Year	305,212	338,071
Unrestricted Net Assets - End of Year	351,908	305,212

See accompanying notes

GLENHYRST ART GALLERY OF BRANT INCORPORATED

SCHEDULE OF EXPENSES - UNRESTRICTED FUND

For the year ended October 31	2019	2018
Administration		
Bank charges and interest	4,434	4,870
Professional fees	18,123	23,195
	22,557	28,065
Operational		
Advertising and newsletters	3,044	1,355
Art rental	9,197	1,746
Committee expenses	930	960
Exhibitions	38,832	37,717
Fundraising	22,842	19,154
Gardeners cottage	-	1,100
Insurance	8,564	10,469
Memberships	1,710	1,182
Office supplies	10,209	14,747
Public programs and classes	43,963	216,404
Summer art camp	43,170	44,376
Travel	218	255
Wages and benefits	181,320	177,939
	363,999	527,404

GLENHYRST ART GALLERY OF BRANT INCORPORATED

STATEMENT OF CASH FLOWS

For the year ended October 31	2019	2018
Cash Flows From Operating Activities		
Excess of revenue over expenses	46,696	(32,859)
Net change in non-cash working capital balances related to operations	19,458	(4,698)
	66,154	(37,557)
Cash Flows From Investing Activities		
(Increase) decrease in short term investments	(593)	(560)
(Increase) decrease in restricted cash and investments	(4,848)	(7,919)
Increase in externally restricted assets	4,848	7,919
	(593)	(560)
Net Increase in Cash and Bank	65,561	(38,117)
Opening Cash and Bank	244,856	282,973
Closing Cash and Bank	310,417	244,856

See accompanying notes

GLENHYRST ART GALLERY OF BRANT INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2019

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

All financial instruments are initially recorded on the statement of financial position at fair value. Investments in equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently measured at amortized cost.

Capital Assets

Capital assets are expensed in the year of acquisition. During the year, no capital assets were purchased.

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.

GLENHYRST ART GALLERY OF BRANT INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2019

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 \$116,884 (2018 - \$112,867). Interest is paid annually on this fund at 5% and in 2019 the Gallery received \$5,181 (2018 - \$5,206). The Gallery has no entitlement to the Capital Funds and, should the Gallery cease operations, these funds would be distributed among other participating organizations.

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 increase in the value of the permanent collection consists of purchases of new works and changes in the value of existing works. The permanent collection was appraised during the current year.

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.

5. EXTERNALLY RESTRICTED

NET ASSETS / ENDOWMENT FUND

	2019	2018
Balance - beginning of year	217,890	209,971
Investment Income	4,848	7,919
Balance - end of year	222,738	217,890

6. ECONOMIC DEPENDENCE

The Organization is dependant on annual contributions from The City of Brantford in order to finance its operations. Should these contributions cease, the Organization would be unable to continue operations in its present form.

GLENHYRST ART GALLERY OF BRANT INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2019

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.