

Financial Statements of

OAKVILLE GALLERIES

And Independent Auditor's Report thereon

Year ended December 31, 2023



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INDEPENDENT AUDITOR'S REPORT

To the Members of Oakville Galleries

Qualified Opinion

We have audited the accompanying financial statements of Oakville Galleries (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2023
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies and other explanatory information

(Hereinafter referred to as the "financial statements").

In our opinion, except for the possible effects of the matter described in the "***Basis for Qualified Opinion***" section of our auditor's report, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2023, and its results of operations, its changes in net debt and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

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:

- the financial assets reported in the statement of financial position as at December 31, 2023 and December 31, 2022
- the donation and fundraising revenues and annual surplus reported in the statement of operations for the year ended December 31, 2023 and December 31, 2022



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- the annual deficit reported in the statements of cash flows for the year ended December 31, 2023 and December 31, 2022

Our opinion on the financial statements for the year ended December 31, 2023 was qualified 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 “**Auditor’s Responsibilities for the Audit of the Financial Statements**” section of our auditor’s 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 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 the financial statements in accordance with Canadian public sector accounting standards, 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 related 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.

Auditor’s 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 auditor’s report that includes our qualified 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 the 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.



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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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditor's 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.
- 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.

A handwritten signature in black ink that reads 'KPMG LLP' in a cursive, slanted font. A horizontal line is drawn underneath the signature.

Chartered Professional Accountants, Licensed Public Accountants

Oakville, Canada

May 29, 2024

OAKVILLE GALLERIES

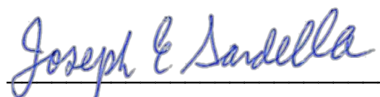
Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022
Financial Assets		
Current assets:		
Cash	\$ 43,928	\$ –
Accounts receivable	257,808	720
Due from Town of Oakville (note 3)	–	231,839
	<u>301,736</u>	<u>232,559</u>
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	22,760	4,903
Deferred revenue (note 2)	153,734	121,742
Due to Town of Oakville (note 3)	54,098	–
Loan from the Town of Oakville (note 4)	15,469	25,469
	<u>246,061</u>	<u>152,114</u>
Net financial asset	55,675	80,445
Non-Financial Assets		
Tangible capital assets (note 5)	6,254	–
Prepaid expenses	21,047	4,584
Accumulated surplus (note 6)	<u>\$ 82,976</u>	<u>\$ 85,029</u>

The accompanying notes are an integral part of these financial statements.

On behalf of the Board:



Director



Director

OAKVILLE GALLERIES

Statement of Operations and Accumulated Surplus

Year ended December 31, 2023, with comparative information for 2022

	Budget (note 7)	2023	2022
Revenue:			
Donations	\$ 65,000	\$ 84,620	\$ 44,631
Facility Rental	35,000	37,507	29,674
Foundations	19,500	43,111	24,902
Fundraising	52,000	88,870	3,700
Government of Canada	235,000	238,445	271,679
In-kind donations	–	19,854	–
Memberships	10,000	3,968	6,353
Miscellaneous	21,500	15,086	6,942
Ontario Arts Council	106,500	106,534	106,534
Province of Ontario	120,000	122,500	120,500
Registration fees	80,000	79,436	45,614
Town of Oakville – grant	–	–	17,528
Town of Oakville – capital funding	–	–	17,000
Town of Oakville – tax levy	412,500	412,500	381,900
	1,157,000	1,252,431	1,076,957
Expenses:			
Administrative	70,200	92,056	94,535
Amortization	–	1,159	–
Artwork and collection	–	–	19,119
Building maintenance	33,700	17,682	19,713
Communications	17,700	23,185	4,625
Education	23,200	14,756	10,574
Exhibition expenses	173,400	182,947	113,915
Fundraising	33,700	69,052	25,056
Fundraising in-kind	–	19,854	–
Insurance	18,000	14,945	1,285
Permanent collection maintenance	4,800	2,748	4,862
Personnel	782,300	816,100	754,528
	1,157,000	1,254,484	1,048,212
Annual (deficit) surplus	–	(2,053)	28,745
Accumulated surplus, beginning of year	85,029	85,029	56,284
Accumulated surplus, end of year	\$ 85,029	\$ 82,976	\$ 85,029

The accompanying notes are an integral part of these financial statements.

OAKVILLE GALLERIES

Statement of Changes in Net Financial Assets

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Annual (deficit) surplus	\$ (2,053)	\$ 28,745
Acquisition of tangible capital assets	(7,413)	–
Amortization of tangible capital assets	1,159	–
Acquisition of prepaid expenses	(21,047)	(4,584)
Use of prepaid expenses	4,584	11,957
Change in net financial assets	(24,770)	36,118
Net financial assets, beginning of year	80,445	44,327
Net financial assets, end of year	\$ 55,675	\$ 80,445

The accompanying notes are an integral part of these financial statements.

OAKVILLE GALLERIES

Statement of Changes in Cash Flow

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Operating activities:		
Annual (deficit) surplus	\$ (2,053)	\$ 28,745
Item not involving cash:		
Amortization	1,159	–
Changes in non-cash assets and liabilities:		
Accounts receivable	(257,088)	(627)
Due from Town of Oakville	285,937	102,383
Accounts payable and accrued liabilities	17,857	(33,863)
Deferred revenue	31,992	(94,011)
Prepaid expense	(16,463)	7,373
Net change in cash from operating activities	61,341	10,000
Financing activities:		
Repayment of loan from Town of Oakville	(10,000)	(10,000)
Net change in cash from financing activities	(10,000)	(10,000)
Investing activities:		
Cash used to acquire tangible capital assets	(7,413)	–
Net change in cash from investing activities	(7,413)	–
Cash, beginning of year	–	–
Cash, end of year	\$ 43,928	\$ –

The accompanying notes are an integral part of these financial statements.

OAKVILLE GALLERIES

Notes to Financial Statements

Year ended December 31, 2023

Oakville Galleries (the "Organization") is incorporated under the laws of Ontario as a non-profit corporation without share capital. The Organization has status as a registered charity under paragraph 149(1)(F) of the Income Tax Act. As a result, the Organization can promote fundraising activities and provide tax receipts to individuals and companies for donations and is not subject to corporate income tax.

The Organization was established to increase the awareness, appreciation and accessibility of the visual arts through both its programming activities and through maintaining a strong visible presence in the community.

1. Significant accounting policies:

The financial statements of the Organization are prepared by management in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada.

Significant accounting policies adopted by the Organization are as follows:

(a) Basis of accounting:

The Organization follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

(b) Financial instruments:

Financial instruments are financial assets or liabilities of the Oakville Galleries which, in general, provide the Organization the right to receive cash or another financial asset from another party or require the Organization to pay another party cash or other financial assets.

Financial instruments reported on the statement of financial position of the Organization are measured as follows:

Accounts Receivable:	Cost
Due from Town of Oakville:	Cost
Accounts payable and accrued liabilities:	Cost
Deferred revenue:	Cost
Due to Town of Oakville:	Cost
Loan from Town of Oakville:	Cost

(c) Endowment funds:

The Arts Endowment Fund and the Oakville Community Foundation Fund are held in perpetuity by the Ontario Arts Foundation and Oakville Community Foundation, and therefore these funds are not included in these financial statements but are disclosed separately. Only the funds received from the Funds are included in these financial statements.

OAKVILLE GALLERIES

Notes to Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(d) Government transfers:

Government transfers are recognized as revenue in the financial statements when the transfer is authorized, any eligibility criteria are met and a reasonable estimate of the amount can be made except when, and to the extent that, stipulations by the transferor give rise to an obligation that meet the definition of a liability. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished.

(e) Deferred revenue:

Deferred revenue represents development and program funding and restricted donations collected, for which the related services have yet to be performed. These amounts will be recognized as revenue in the fiscal year the services are performed.

(f) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant estimates include assumptions used in estimating provisions for accrued liabilities and the valuation of in-kind donations.

Actual results could differ from these estimates.

(g) Volunteer time:

The value of volunteer time of Board members and of the Volunteer Committee members is not reflected in these financial statements.

(h) In-kind donations:

Donations in-kind are recognized as revenue at their estimated fair value when the fair value is reasonably determinable.

(i) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to the acquisition, construction, development, or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives.

OAKVILLE GALLERIES

Notes to Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(i) Tangible capital assets (continued):

Asset	Useful Life - Years
Computer equipment	3
Furniture and fixtures	7

Amortization is charged half year in the year of acquisition and disposal.

(j) Works of art and historical treasures:

The Organization manages and controls various works of art and non-operational historical cultural assets including artifacts, paintings and sculptures located at Town sites and public display areas. These assets are not recorded as tangible capital assets and are not amortized.

2. Deferred revenue:

Deferred revenue relates to unrecognized funds from the following sources:

	2023	2022
Ontario Arts Council Operating Grant	\$ 106,534	\$ 106,534
PIA Grant	19,000	–
Oakville Community Foundation	14,500	–
Canada Council for the Arts	8,700	–
Goethe Foundation	5,000	–
Trillium Grant	–	15,000
Miscellaneous	–	208
Total	\$ 153,734	\$ 121,742

The continuity of deferred revenues is summarized below:

	2023	2022
Balance, beginning of year	\$ 121,742	\$ 215,753
Transfer to revenue	(121,742)	(215,753)
Receipts	153,734	121,742
Balance, end of year	\$ 153,734	\$ 121,742

OAKVILLE GALLERIES

Notes to Financial Statements (continued)

Year ended December 31, 2023

3. Due from Town of Oakville:

The amount due to (from) Town of Oakville is non-interest bearing and has no fixed terms of repayment.

4. Loan from the Town of Oakville:

Following a management restructuring in 2008, the Town of Oakville extended the Organization a loan of \$279,016. The loan has no fixed terms of repayment and no interest rate. The balance at year end was \$15,469 (2022 - \$25,469).

5. Tangible capital assets:

Cost	Balance at December 31, 2022	Additions	Disposal	Balance at December 31, 2023
Computer equipment	\$ –	\$ 6,607	\$ –	\$ 6,607
Furniture and fixtures	–	806	–	806
Total	\$ –	\$ 7,413	\$ –	\$ 7,413

Accumulated amortization	Balance at December 31, 2022	Additions	Disposal	Balance at December 31, 2023
Computer equipment	\$ –	\$ (1,101)	\$ –	\$ (1,101)
Furniture and fixtures	–	(58)	–	(58)
Total	\$ –	\$ (1,159)	\$ –	\$ (1,159)

Net book value	Balance at December 31, 2022	Balance at December 31, 2023
Computer equipment	\$ –	\$ 5,506
Furniture and fixtures	–	748
Total	\$ –	\$ 6,254

OAKVILLE GALLERIES

Notes to Financial Statements (continued)

Year ended December 31, 2023

6. Accumulated surplus:

Accumulated surplus consists of individual fund surpluses and reserves as follows:

	Operating	Board Restricted Reserve	Capital	2023 Total	2022 Total
Surplus, opening	\$ 32,095	\$ 23,934	\$ 29,000	\$ 85,029	\$ 56,284
Annual (deficit) surplus	(2,053)	–	–	(2,053)	28,745
Ending balance	\$ 30,042	\$ 23,934	\$ 29,000	\$ 82,976	\$ 85,029

7. Budget:

The Organization's budget was approved by Town Council as part of the Town of Oakville's operating budget.

8. Endowment funds:

The Arts Endowment fund at December 31, 2023 was \$96,790 (2022 - \$86,991). The change was the result of a gain on investment of \$15,119, administrative expenses of \$878 and a payout of \$4,442. This fund is excluded from the statements of financial position and operations.

The Oakville Galleries Fund at December 31, 2023 was \$1,322 (2022 - \$1,000). The change was the result of a gain on investment of \$104, administrative expenses of \$32 and a flow through gift of \$250. This fund is excluded from the statements of financial position and operations.

9. Related party transactions:

The Town of Oakville provides a variety of services, free of charge, to the Galleries to assist in the Galleries ongoing operations. These services include: benefits & payroll administration, facilities management & maintenance, financial support (accounting services, budgeting & variance reporting), HST and payroll remittances, IT support, and printing services.