

Financial Statements of

OAKVILLE GALLERIES

And Independent Auditor's Report thereon

Year ended December 31, 2024



KPMG LLP
120 Victoria Street South
Suite 600
Kitchener, ON N2G 0E1
Canada
Telephone 519 747 8800
Fax 519 747 8811

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, 2024
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net 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, 2024, 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, 2024 and December 31, 2023
- the donation and fundraising revenues and annual surplus reported in the statement of operations for the year ended December 31, 2024 and December 31, 2023
- the annual deficit reported in the statements of cash flows for the year ended December 31, 2024 and December 31, 2023



Page 2

Our opinion on the financial statements for the year ended December 31, 2024 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.



Page 3

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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Oakville, Canada

April 16, 2025

OAKVILLE GALLERIES

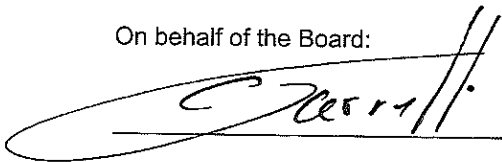
Statement of Financial Position

December 31, 2024, with comparative information for 2023

	2024	2023
Financial Assets		
Current assets:		
Cash	\$ 354,876	\$ 43,928
Accounts receivable	7,910	257,808
	<u>362,786</u>	<u>301,736</u>
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	23,330	22,760
Deferred revenue (note 2)	190,034	153,734
Due to Town of Oakville (note 4)	57,843	54,098
Loan from the Town of Oakville (note 5)	—	15,469
	<u>271,207</u>	<u>246,061</u>
Net financial assets	91,579	55,675
Non-Financial Assets		
Tangible capital assets (note 6)	19,195	6,254
Prepaid expenses	1,536	21,047
Accumulated surplus (note 7)	<u>\$ 112,310</u>	<u>\$ 82,976</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, 2024, with comparative information for 2023

	Budget (note 8)	2024	2023
Revenue:			
Donations	\$ 45,000	\$ 47,999	\$ 84,620
Facility Rental	45,000	41,075	37,507
Foundations	19,500	35,407	58,037
Fundraising	100,000	113,625	88,870
Government of Canada (note 3)	235,000	258,970	238,445
In-kind donations	–	30,638	19,854
Memberships	8,000	9,957	3,968
Miscellaneous	36,900	4,664	160
Ontario Arts Council	106,500	106,534	106,534
Province of Ontario	100,000	15,430	122,500
Registration fees	85,000	102,939	79,436
Town of Oakville – capital funding	–	17,100	–
Town of Oakville – tax levy	424,900	424,900	412,500
	1,205,800	1,209,238	1,252,431
Expenses:			
Administrative	67,100	76,206	73,056
Amortization	–	5,369	1,159
Building maintenance	34,700	16,558	17,682
Communications	19,900	4,270	23,185
Education	26,800	11,022	14,756
Exhibition expenses	185,900	180,786	182,947
Fundraising	60,700	52,375	69,052
Fundraising in-kind	–	30,638	19,854
Insurance	18,000	23,868	14,945
Permanent collection maintenance	5,200	–	2,748
Personnel	768,500	759,812	816,100
Rent	19,000	19,000	19,000
	1,205,800	1,179,904	1,254,484
Annual surplus (deficit)	–	29,334	(2,053)
Accumulated surplus, beginning of year	82,976	82,976	85,029
Accumulated surplus, end of year	\$ 82,976	\$ 112,310	\$ 82,976

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

OAKVILLE GALLERIES

Statement of Changes in Net Financial Assets

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Annual surplus (deficit)	\$ 29,334	\$ (2,053)
Acquisition of tangible capital assets	(18,310)	(7,413)
Amortization of tangible capital assets	5,369	1,159
Acquisition of prepaid expenses	(1,536)	(21,047)
Use of prepaid expenses	21,047	4,584
Change in net financial assets	35,904	(24,770)
Net financial assets, beginning of year	55,675	80,445
Net financial assets, end of year	\$ 91,579	\$ 55,675

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

OAKVILLE GALLERIES

Statement of Changes in Cash Flow

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Operating activities:		
Annual surplus (deficit)	\$ 29,334	\$ (2,053)
Item not involving cash:		
Amortization	5,369	1,159
Changes in non-cash assets and liabilities:		
Accounts receivable	249,898	(257,088)
Due from Town of Oakville	3,745	285,937
Accounts payable and accrued liabilities	570	17,857
Deferred revenue	36,300	31,992
Prepaid expense	19,511	(16,463)
Net change in cash from operating activities	344,727	61,341
Financing activities:		
Repayment of loan from Town of Oakville	(15,469)	(10,000)
Net change in cash from financing activities	(15,469)	(10,000)
Investing activities:		
Cash used to acquire tangible capital assets	(18,310)	(7,413)
Net change in cash from investing activities	(18,310)	(7,413)
Change in cash	310,948	43,928
Cash, beginning of year	43,928	--
Cash, end of year	\$ 354,876	\$ 43,928

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

OAKVILLE GALLERIES

Notes to Financial Statements (continued)

Year ended December 31, 2024

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, 2024

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 and external obligations are fulfilled.

(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, 2024

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.

(k) Prepaid exhibition costs:

Prepaid exhibition costs directly related to the development of future temporary exhibitions are presented as assets when the Gallery can reliably demonstrate that there is a future economic benefit associated with these costs. These costs are expenses over their useful life, which for future temporary exhibitions is the period over which the exhibition is held.

(l) Change in accounting policies:

On January 1, 2024, the Organization adopted Canadian public sector accounting standard PS 3400 Revenue. The new accounting standard establishes a single framework to categorize revenue to enhance consistency of revenue recognition and its measurement. The adoption of this new standard did not have a material impact on the amounts presented in the financial statements.

2. Deferred revenue:

Deferred revenue relates to unrecognized funds from the following sources:

	2024	2023
Ontario Arts Council Operating Grant	\$ 106,534	\$ 106,534
National Gallery of Canada	75,000	-
PIA Grant	8,500	19,000
Oakville Community Foundation	-	14,500
Canada Council for the Arts	-	8,700
Goethe Foundation	-	5,000
Total	\$ 190,034	\$ 153,734

OAKVILLE GALLERIES

Notes to Financial Statements (continued)

Year ended December 31, 2024

2. Deferred revenue (continued):

The continuity of deferred revenues is summarized below:

	2024	2023
Balance, beginning of year	\$ 153,734	\$ 121,742
Transfer to revenue	(153,734)	(121,742)
Receipts	190,034	153,734
Balance, end of year	\$ 190,034	\$ 153,734

3. Government of Canada:

The Government of Canada revenue is comprised as follows:

	2024	2023
Canada Council operating grant	\$ 211,000	\$ 211,000
Young Canada Works	32,661	27,445
Canada Council touring grant	8,700	—
Canadian Museum Associations	6,609	—
Total	\$ 258,970	\$ 238,445

4. Due from Town of Oakville:

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

5. 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 \$nil (2023 - \$15,469).

OAKVILLE GALLERIES

Notes to Financial Statements (continued)

Year ended December 31, 2024

6. Tangible capital assets:

Cost	Balance at December 31, 2023	Additions	Disposal	Balance at December 31, 2024
Computer equipment	\$ 6,607	\$ 18,310	\$ --	\$ 24,917
Furniture and fixtures	806	--	--	806
Total	\$ 7,413	\$ 18,310	\$ --	\$ 25,723

Accumulated amortization	Balance at December 31, 2023	Additions	Disposal	Balance at December 31, 2024
Computer equipment	\$ (1,101)	\$ (5,254)	\$ --	\$ (6,355)
Furniture and fixtures	(58)	(115)	--	(173)
Total	\$ (1,159)	\$ (5,369)	\$ --	\$ (6,528)

Net book value	Balance at December 31, 2023	Balance at December 31, 2024
Computer equipment	\$ 5,506	\$ 18,562
Furniture and fixtures	748	633
Total	\$ 6,254	\$ 19,195

7. Accumulated surplus:

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

	Operating	Board Restricted Reserve	Capital	2024 Total	2023 Total
Surplus, opening	\$ 30,042	\$ 23,934	\$ 29,000	\$ 82,976	\$ 85,029
Annual surplus (deficit)	29,334	--	--	29,334	(2,053)
Ending balance	\$ 59,376	\$ 23,934	\$ 29,000	\$ 112,310	\$ 82,976

OAKVILLE GALLERIES

Notes to Financial Statements (continued)

Year ended December 31, 2024

8. Budget:

The Organization's budget was approved by Town Council as part of the Town of Oakville's operating budget. The figures presented in these financial statements differ from the approved budget only in respect to the \$10,000 loan repayment which is budgeted for by the Organization.

9. Endowment funds:

The Arts Endowment fund at December 31, 2024 was \$102,250 (2023 - \$96,790). The change was the result of a gain on investment of \$11,106, administrative expenses of \$1,051 and a payout of \$4,595. This fund is excluded from the statements of financial position and operations.

The Oakville Galleries Fund at December 31, 2024 was \$1,461 (2023 - \$1,322). The change was the result of a gain on investment of \$164 and administrative expenses of \$25. This fund is excluded from the statements of financial position and operations.

10. 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.