

ACEART INC.

FINANCIAL STATEMENTS
(Unaudited)

June 30, 2019

ACEART INC.
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June 30, 2019
(Unaudited)

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Directors of Aceart Inc.

We have reviewed the accompanying financial statements of Aceart Inc. that comprise the statement of financial position as at June 30, 2019, and the statements of operations and , and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Aceart Inc. as at June 30, 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.

**FPLS ACCOUNTING GROUP
CHARTERED PROFESSIONAL ACCOUNTANTS**

Winnipeg, Manitoba
December 4, 2019

ACEART INC.
STATEMENT OF OPERATIONS

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For the year ended June 30, 2019
(Unaudited)

	2019	2018
Revenue		
Earned income		
Cartae	\$ 2,760	\$ 2,500
Memberships	1,190	1,945
Miscellaneous	6,103	2,754
Foundation donations		
WH & SE Loewen Foundation	6,000	6,000
Winnipeg Foundation	16,593	14,317
Fundraising income	11,584	10,582
Investment income	433	328
Private sector contributions	1,625	2,014
Public sector contributions		
Federal	30,000	30,000
Provincial	89,180	89,180
Municipal	39,200	39,200
	204,668	198,820
Expenditures		
Administration expenses - Page 8	47,300	47,180
Artistic expenses - Page 9	119,640	110,697
Facility operating expenses - Page 10	36,015	34,816
Fundraising events	695	1,337
Marketing & communications	5,411	6,135
	209,061	200,165
Deficiency of revenue over expenditures for the year	\$ (4,393)	\$ (1,345)

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

FPLS ACCOUNTING GROUP

ACEART INC.
STATEMENT OF CHANGES IN NET ASSETS

For the year ended June 30, 2019
(Unaudited)

	Operating Fund	(Note 3) Restricted Fund	2019 Total	2018 Total
Balance, beginning of year	\$ 20,110	\$ 8,000	\$ 28,110	\$ 29,455
Deficiency of revenue over expenditures for the year	(4,393)	-	(4,393)	(1,345)
Balance, end of year	\$ 15,717	\$ 8,000	\$ 23,717	\$ 28,110

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

STATEMENT OF CASH FLOWS

For the year ended June 30, 2019
(Unaudited)

	2019	2018
Operating activities		
Deficiency of revenue over expenditures	\$ (4,393)	\$ (1,345)
Change in non-cash working capital items		
Decrease (increase) in accounts receivable	7,080	(7,371)
(Increase) decrease in prepaid expenses	(786)	1,732
(Decrease) increase in accounts payable and accrued liabilities	(1,829)	1,917
Increase in government agencies payable	1,773	-
(Decrease) increase in deferred contributions	9,742	(7,454)
Increase (decrease) in cash	11,587	(12,521)
Cash, beginning of year	70,769	83,290
Cash, end of year	\$ 82,356	\$ 70,769

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

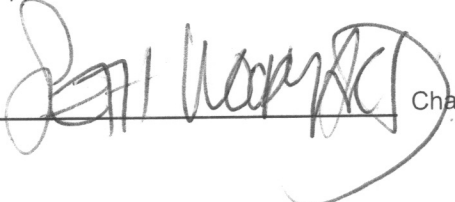
FPLS ACCOUNTING GROUP

ACEART INC.
STATEMENT OF FINANCIAL POSITION


June 30, 2019
(Unaudited)

	2019	2018
ASSETS		
Current		
Cash	\$ 82,356	\$ 70,769
Accounts receivable - note 2	420	7,500
Prepaid expenses	1,358	572
Due from government agencies	517	517
	\$ 84,651	\$ 79,358
LIABILITIES AND FUND BALANCES		
Current		
Accounts payable and accrued liabilities	\$ 4,095	\$ 5,924
Government agencies payable	1,773	-
	5,868	5,924
Deferred contributions - note 3	55,066	45,324
	60,934	51,248
Fund balances		
Operating fund	15,717	20,110
Restricted fund - note 4	8,000	8,000
	23,717	28,110
	\$ 84,651	\$ 79,358

Approved on behalf of the board:



Chair



Treasurer

June 30, 2019
(Unaudited)

NATURE OF OPERATIONS

Aceart Inc. is a registered non-profit, registered charity and non-commercial artist-run organization. .

1. SIGNIFICANT ACCOUNTING POLICIES

(a) **Basis of accounting**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

(b) **Revenue recognition**

The organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonable assured. Unrestricted investment income is recognized as revenue when earned.

(c) **Property, plant and equipment**

Capital asset purchases are fully expensed in the year of acquisition.

(d) **Financial Instruments**

The company's financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each balance sheet date and charged to the financial instrument for those measured at amortized cost.

(e) **Income taxes**

The corporation is non-taxable under paragraph 149(1)(i) of the Income Tax Act.

2. ACCOUNTS RECEIVABLE

	2019	2018
Trade accounts receivable	\$ 420	\$ -
Grants receivable	-	7,500
	\$ 420	\$ 7,500

June 30, 2019
(Unaudited)

3. DEFERRED CONTRIBUTIONS

	2019	2018
Canada Council	\$ 22,500	\$ -
Manitoba Arts Council	5,000	-
Other	1,081	2,246
Winnipeg Arts Council	19,600	19,600
Winnipeg Foundation	885	17,478
WH & SE Loewen Foundation	6,000	6,000
	<hr/> \$ 55,066	<hr/> \$ 45,324

These contributions represent unspent operating funding received in the current period that are related to the subsequent period.

4. RESTRICTED FUND

The Board of Directors has approved the appropriation of \$8,000 (2018 - \$8,000) towards facility development.

5. LEASE COMMITMENTS

Aceart Inc. has an agreement with TransGlobe Holdings Ltd. for the lease of space on the second floor at 290 McDermot Avenue with base monthly lease payments of \$2,101 plus GST.

In the 2018-2019 year, Aceart Inc. paid rent in the amount of \$24,395 (2018 - \$22,601) for base rent and its proportionate share of common area cost increases.

6. CONTRIBUTED SERVICES

A substantial number of unpaid volunteers have made significant contributions of their time in furtherance of the organization's activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

ACEART INC.
SCHEDULE OF ADMINISTRATION EXPENSES

For the year ended June 30, 2019
(Unaudited)

	2019	2018
Accounting	\$ 2,162	\$ 2,070
Administrative salaries	41,402	40,516
Bank charges	352	341
Consultant fees	115	1,495
Office supplies	1,375	1,077
Other administration expenses	366	360
Postage	305	278
Printing	213	128
Review statement	775	775
Staff and board development	200	30
Workers compensation	35	110
	\$ 47,300	\$ 47,180

ACEART INC.
SCHEDULE OF ARTISTIC EXPENSES

For the year ended June 30, 2019
(Unaudited)

	2019	2018
Advocacy	\$ 10	\$ 2,136
Artistic salaries	52,986	46,676
Artists' fees	34,253	26,976
Audience development	347	383
Catalogues & publications	2,363	3,055
Exhibition, programming & production	15,959	19,500
Membership & registration	265	290
Other expenses	1,392	1,368
Postage fees	520	536
Production & technical salaries	4,958	4,898
Production & technical service fees	6,587	4,879
	\$ 119,640	\$ 110,697

ACEART INC.
SCHEDULE OF FACILITY OPERATING EXPENSES

For the year ended June 30, 2019
(Unaudited)

	2019	2018
Gallery maintenance	\$ 2,455	\$ 4,225
Insurance	3,260	3,186
Internet	833	826
Recycling	-	150
Rent	24,395	22,601
Repairs & maintenance	1,806	741
Security	907	988
Telephone	774	551
Utilities	1,585	1,548
	\$ 36,015	\$ 34,816
