

ACEART INC.

FINANCIAL STATEMENTS
(Unaudited)

June 30, 2021

ACEART INC.
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June 30, 2021
(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, 2021, and the statement of operations, 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, 2021, 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.

Other Matter

As part of our review of the financial statements of Aceart Inc. for the year ended June 30, 2021 we also reviewed the adjustments as described in Note 2 of the financial statements that were applied to restate the financial statements for the year ended June 30, 2020. Based on our review, nothing has come to our attention that causes us to believe the adjustments are not appropriate and have not been properly applied.

FPLS Accounting Group

**FPLS ACCOUNTING GROUP
CHARTERED PROFESSIONAL ACCOUNTANTS**

Winnipeg, Manitoba
December 13, 2021

ACEART INC.
STATEMENT OF OPERATIONS

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For the year ended June 30, 2021
(Unaudited)

	2021	2020 (Restated - Note 2)
Revenue		
Earned income		
Memberships	\$ 325	\$ 525
Miscellaneous	501	1,505
Foundation donations		
WH & SE Loewen Foundation	-	12,000
Winnipeg Foundation	15,000	885
Fundraising income	-	3,174
Investment income	319	797
Private sector contributions	50	425
Public sector contributions		
Federal	36,178	333,743
Provincial	89,180	94,180
Municipal	35,280	37,240
	176,833	484,474
Expenditures		
Administration expenses - Page 9	67,447	58,920
Artistic expenses - Page 10	49,175	84,915
Facility operating expenses - Page 11	13,179	320,949
Fundraising events	-	6
Marketing & communications	779	3,274
	130,580	468,064
Excess of revenue over expenditures for the year	\$ 46,253	\$ 16,410

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

FPLS ACCOUNTING GROUP

ACEART INC.
STATEMENT OF CHANGES IN NET ASSETS

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For the year ended June 30, 2021
(Unaudited)

	Operating Fund	(Note 4) Restricted Fund	2021 Total	(Restated - Note 2) 2020 Total
Balance, beginning of year	\$ 32,127	\$ 8,000	\$ 40,127	\$ 23,717
Excess of revenue over expenditures for the year	46,253	-	46,253	16,410
Balance, end of year	\$ 78,380	\$ 8,000	\$ 86,380	\$ 40,127

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

FPLS ACCOUNTING GROUP

ACEART INC.
STATEMENT OF FINANCIAL POSITION

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June 30, 2021
(Unaudited)

	2021	2020 (Restated - Note 2)
ASSETS		
Current		
Cash	\$ 104,610	\$ 99,100
Accounts receivable	220	482
Prepaid expenses	1,034	409
Due from government agencies	7,725	8,332
	\$ 113,589	\$ 108,323
LIABILITIES AND FUND BALANCES		
Current		
Accounts payable and accrued liabilities	\$ 3,362	\$ 2,502
Government agencies payable	1,432	464
	4,794	2,966
Deferred contributions - note 3	22,415	65,230
	27,209	68,196
Fund balances		
Operating fund	78,380	32,127
Restricted fund - note 4	8,000	8,000
	86,380	40,127
	\$ 113,589	\$ 108,323

Approved on behalf of the board:

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Chair

DocuSigned by:

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Treasurer

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

FPLS ACCOUNTING GROUP

ACEART INC.

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STATEMENT OF CASH FLOWS

For the year ended June 30, 2021
(Unaudited)

	2021	2020 (Restated - Note 2)
Operating activities		
Excess of revenue over expenditures	\$ 46,253	\$ 16,410
Change in non-cash working capital items		
Decrease (increase) in accounts receivable	262	(62)
(Increase) decrease in prepaid expenses	(625)	949
Decrease (increase) in due from government agencies	607	(7,815)
Increase (decrease) in accounts payable and accrued liabilities	860	(1,589)
Increase (decrease) in government agencies payable	968	(1,309)
(Decrease) increase in deferred contributions	(42,815)	10,160
Increase in cash	5,510	16,744
Cash, beginning of year	99,100	82,356
Cash, end of year	\$ 104,610	\$ 99,100

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

FPLS ACCOUNTING GROUP

ACEART INC.
NOTES TO THE FINANCIAL STATEMENTS

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June 30, 2021
(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.

ACEART INC.
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021
(Unaudited)

2. PRIOR PERIOD ADJUSTMENT

(a) The balance sheet at June 30, 2020 has been restated as follows:

	As previously reported	Effects of restatement	As restated
LIABILITIES AND FUND BALANCES			
Deferred contributions	\$ 70,230	\$ (5,000)	\$ 65,230
Fund balances			
Operating fund	27,127	5,000	32,127
	\$ 97,357	\$ -	\$ 97,357

(b) The statement of operations at June 30, 2020 has been restated as follows:

	As previously reported	Effects of restatement	As restated
Federal public sector contributions	\$ 328,743	\$ 5,000	\$ 333,743
Net (loss) income	-	5,000	-

(c) The statement of changes in net assets at June 30, 2020 has been restated as follows:

Statement of changes in net assets, as previously reported at June 30, 2020.	\$ 35,127
Restatement resulting from portion of core grant deferred at June 30, 2020	5,000
Statement of changes in net assets, end of year, restated	\$ 40,127

ACEART INC.
NOTES TO THE FINANCIAL STATEMENTS

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June 30, 2021
(Unaudited)

3. DEFERRED CONTRIBUTIONS

	2021	2020
Canada Council	\$ -	\$ 3,000
Manitoba Arts Council	3,750	44,590
Memberships	25	-
Winnipeg Arts Council	17,640	17,640
WH & SE Loewen Foundation	1,000	-
	\$ 22,415	\$ 65,230

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 (2020 - \$8,000) towards facility development.

5. LEASE COMMITMENTS

As of the date of the financial statements, the terms and conditions of a new lease agreement have yet to be finalized. Aceart Inc. has an agreement in draft form with CentreVenture Development Corporation for the lease of space on Unit #1 of 208 Princess Street.

6. CONTRIBUTED SERVICES

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

7. UNCERTAINTY DUE TO COVID-19

On March 11, 2020, the World Health Organization classified the COVID-19 outbreak as a global pandemic. The global pandemic has disrupted economic activities and supply chains. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of business disruption and the related financial impact cannot be reasonably estimated at this time. The company's ability to continue to service debt and meet lease and other obligations as they come due is dependent on the continued ability to generate earnings and cash flows.

ACEART INC.
SCHEDULE OF ADMINISTRATION EXPENSES

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For the year ended June 30, 2021
(Unaudited)

	2021	2020
Accounting	\$ 2,631	\$ 2,747
Administrative salaries	49,160	45,293
Bank charges	87	64
Consultant fees	3,525	4,275
Hospitality	-	484
Insurance	1,159	964
Internet	1,116	-
Membership and subscriptions	325	190
Office supplies	7,148	1,175
Other administration expenses	322	1,686
Postage	60	81
Printing	25	140
Review statement	987	757
Staff and board development	578	974
Telephone	260	-
Workers compensation	64	90
	\$ 67,447	\$ 58,920

ACEART INC.
SCHEDULE OF ARTISTIC EXPENSES

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For the year ended June 30, 2021
(Unaudited)

	2021	2020
Artistic salaries	\$ 34,984	\$ 57,748
Artists' fees	11,247	15,421
Audience development	-	160
Catalogues & publications	-	2,055
Exhibition, programming & production	2,237	3,413
Other expenses	7	1,140
Postage fees	-	654
Production & technical salaries	-	2,704
Production & technical service fees	700	1,620
	\$ 49,175	\$ 84,915

ACEART INC.
SCHEDULE OF FACILITY OPERATING EXPENSES

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For the year ended June 30, 2021
(Unaudited)

	2021	2020
Capital renovations	\$ -	\$ 285,000
Gallery maintenance	852	2,999
Insurance	2,339	2,395
Internet	-	1,357
Move relocation	1,010	-
Rent	8,627	25,676
Repairs & maintenance	21	929
Security	74	1,105
Telephone	-	594
Utilities	256	894
	\$ 13,179	\$ 320,949