

## Open Studio's Annual General Meeting (AGM) – 2023

**Open Studio's 2023 AGM will be held in person on Tuesday, October 24th, 2023 at 6:00pm.** The meeting will begin at 6:00 pm at Open Studio. Questions will be reserved for the end of the meeting. Annual Membership dues, if not already submitted, can be paid before the AGM. For voting privileges, Membership dues must be paid for the current year. If you need assistance renewing membership, please contact [office@openstudio.ca](mailto:office@openstudio.ca)

For those not able to attend, please register via Zoom

<https://us06web.zoom.us/j/83888791056?pwd=olRMHii56WC5p0UYB0A9BcqIk9qKFj.1>

Meeting ID: 838 8879 1056

Passcode: 524110

### **AGM Agenda**

1. Welcoming Remarks and Chair's Report – Shabnam Afrand (Chair)
2. Approval of the Minutes of the Annual General Meeting from October 25th, 2022, which are being provided digitally as a video link here: <https://youtu.be/et3jORGkwbE>
3. Treasurer's Report
4. Motion to Approve 2022 – 23 Financial Statements. Introduction to Auditor, Jeffrey Milgram
5. Thank you to outgoing Board Members: Kestin Cornwall, Tejashri Kapure, Laura Grier, and Aleksandra Solomon
6. Election of new Board of Directors, 2023 – 24
7. Director's Report: Year in Review (including committee reports) and donor recognition
8. Other Business / Question & Answer Session
9. Meeting adjournment

### **Reception to follow**

Please join us for a reception following the AGM to welcome our new Board Members and to thank our supporters and outgoing Board Members.

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If you are unable to attend the Annual General Meeting, you may authorize another current Open Studio Artist Member in good standing to vote on your behalf. Return this signed proxy form to Open Studio before October 24th, 2023 by mail or in person to 104-401 Richmond Street West, Toronto, ON, M5V 3A8, or by scan/email to [office@openstudio.ca](mailto:office@openstudio.ca).

I, \_\_\_\_\_, being an Open Studio Member in good standing (2023-24 annual Membership fee paid), do hereby appoint \_\_\_\_\_ to vote on my behalf at the Annual General Meeting to be held on October 24th, 2023 and any adjournment thereof.

Signature \_\_\_\_\_

## **Election of new Board of Directors 2023 – 24.**

### **Artist Members**

Artist Member(s) continuing for 1 more year of their first 2-year term:

- Emma Sherland
- Alysa-Beth Engel

Artist Member(s) to be elected for a second consecutive 2-year term:

- Shabnam Afrand

Artist Member(s) continuing for 1 more year of their second 2-year term:

- Andrea deBruijn

### **Associate Members**

Associate Member(s) to be elected for their first 2-year term:

- Emma Fried
- Defne Inceoglu
- Sana Waheed

Associate Member(s) continuing for 1 more year of their first 2-year term:

- Joe Borowiec
- Kathleen Lew

## **Biographies of Nominated Board Members 2023 – 24**

**Emma Fried** is the Show Manager for Artist Project and Art Toronto, acting as a key member of its curatorial committee. She collaborates with artists, gallerists and art world professionals alike, while working with members of the public, to bring memorable exhibitions to life. Emma has also built and curated several notable commercial collections including those for Toronto's Bisha and Park Hyatt Hotels, and The William Vale, in Brooklyn. Her contemporary art expertise is rooted in a deep understanding of historical art practices, informed by a Masters degree in Art History, with years spent working and volunteering in museum and gallery settings.

**Defne Inceoglu** is a Toronto-based researcher, fundraiser & arts & culture professional. They have a variety of interdisciplinary experience across the arts, with advocacy, queerness and accessibility at heart. Inceoglu is currently the Development & Partnerships Officer at Surrey Place, overseeing all of the grant seeking, proposal writing and fundraising at the organization. Previously, they have worked in and for various cultural institutions in Toronto, including the Textile Museum of Canada, the Museum of Contemporary Art Toronto, Myseum of Toronto, and the Royal Ontario Museum. They have a Master's degree from the University of Toronto in Museum Studies, during which they were the recipient of the Social Sciences and Humanities Research Council - Canadian Graduate Scholarship.

**Sana Waheed** is a financial industry professional who holds a bachelor's degree in Business Economics from York University and an MBA from Rotman School of Management. She has extensive experience in audit, compliance and risk management; however, she has always been passionate about visual arts. She enjoys creating art through various medias but is especially drawn to cross-hatching and printmaking due to their conventionally monochromatic results and attempts to create traditionally busy artifacts from her native Pakistan in a minimalist fashion. She also daydreams about starting her own textile printing business, again, with an emphasis on minimalism. Sana will contribute to Open Studio's success through leveraging her experience in audit, corporate governance and financial management.

**OPEN STUDIO  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
JUNE 30, 2023**

**OPEN STUDIO**

**JUNE 30, 2023**

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## INDEPENDENT AUDITOR'S REPORT

To the Members of Open Studio

### Qualified Opinion

I have audited the financial statements of Open Studio which comprises the statement of financial position as at June 30, 2023, 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 my opinion, except for the effect of adjustments, if any, which I might have determined to be necessary had I been able to satisfy myself concerning the completeness of the contributions and fundraising, referred to in the following paragraphs, the accompanying financial statements present fairly, in all material respects, the financial position of Open Studio as at June 30, 2023, 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 Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Organization in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained in my audit is sufficient and appropriate to provide a basis for my audit opinion.

### Basis for Qualification

In common with many charitable organizations, the organization derives revenue from contributions and fundraising, the completeness of which is not susceptible to satisfactory audit verification; accordingly, my verification of these revenues was limited to the amounts recorded in the records of the organization and I was not able to determine whether any adjustments might be necessary to revenues, excess of revenue over expenses, assets, liabilities, and net assets.

### 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 Organization's ability to continue as a going concern disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations or has no realistic alternative but to do so.

**Auditor's Responsibilities for the Audit of the Financial Statements**

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 Organization'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 Organization's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Organization 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.

I 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 I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

**JEFFREY D. MILGRAM PROFESSIONAL CORPORATION**  
Authorized to practice public accounting by the  
Chartered Professional Accountants of Ontario

**TORONTO, ONTARIO**  
**OCTOBER XX, 2023**

**OPEN STUDIO  
STATEMENT OF FINANCIAL POSITION  
AS AT JUNE 30, 2023**

	<u>2023</u>	<u>2022</u>
	\$	\$
<u><b>ASSETS</b></u>		
<b>CURRENT</b>		
Cash and cash equivalents (Note 3)	131,059	203,568
Accounts receivable	2,550	12,693
Government excise tax recoverable	4,561	5,300
Inventory	9,230	10,333
Prepaid expenses	<u>17,872</u>	<u>13,064</u>
	165,272	244,958
<b>NON-CURRENT</b>		
Capital assets (Note 4)	<u>85,597</u>	<u>128,265</u>
	<u>250,869</u>	<u>373,223</u>
<u><b>LIABILITIES AND NET ASSETS (DEFICIENCY)</b></u>		
<b>CURRENT</b>		
Accounts payable	55,961	60,421
Deferred revenue pertaining to capital (Note 5)	24,472	41,708
Deferred revenue pertaining to operations (Note 6)	<u>151,957</u>	<u>100,030</u>
	<u>232,390</u>	<u>160,451</u>
<b>LONG TERM</b>		
Deferred revenue pertaining to capital (Note 5)	60,936	85,408
Canada Emergency Business Account (CEBA) loan (Note 7)	<u>      -</u>	<u>40,000</u>
	<u>60,936</u>	<u>167,116</u>
	<u>293,326</u>	<u>327,567</u>
<b>NET ASSETS (DEFICIT)</b>		
Invested in capital assets (Note 8)	189	1,149
Unrestricted net assets (deficit)	<u>(42,646)</u>	<u>44,507</u>
	<u>(42,457)</u>	<u>45,656</u>
	<u>250,869</u>	<u>373,223</u>

**APPROVED ON BEHALF OF THE BOARD:**

 DIRECTOR

6 Oct 2023 DATE

  
\_\_\_\_\_  
DIRECTOR

10/7/2023  
\_\_\_\_\_  
DATE

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

**OPEN STUDIO**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<b>2023</b>			<u><b>2022</b></u>
	<u><b>Invested in</b></u>	<u><b>Unrestricted</b></u>	<u><b>Total</b></u>	<u><b>Total</b></u>
	<u><b>Capital Assets</b></u>			<u><b>(Note 15)</b></u>
	<u><b>\$</b></u>	<u><b>\$</b></u>	<u><b>\$</b></u>	<u><b>\$</b></u>
<b>BALANCE, at beginning of year</b>	<u><b>1,149</b></u>	<u><b>44,507</b></u>	<u><b>45,656</b></u>	<u><b>95,139</b></u>
<b>Income for the year</b>	<b>41,708</b>	<b>569,748</b>	<b>611,456</b>	<b>648,587</b>
<b>Expenses for the year</b>	<u><b>(42,668)</b></u>	<u><b>(656,901)</b></u>	<u><b>(699,569)</b></u>	<u><b>(698,070)</b></u>
<b>Excess of expenses over revenues for the year</b>	<u><b>(960)</b></u>	<u><b>(87,153)</b></u>	<u><b>(88,113)</b></u>	<u><b>(49,483)</b></u>
<b>BALANCE, at end of year</b>	<u><u><b>189</b></u></u>	<u><u><b>(42,646)</b></u></u>	<u><u><b>(42,457)</b></u></u>	<u><u><b>45,656</b></u></u>

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



**OPEN STUDIO  
STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>2023</u>	<u>2022</u>
	\$	\$
		(Note 15)
<b>REVENUE</b>		
<b>Grants</b>		
• Operating (Note 9)	196,620	211,620
• Project (Note 9)	24,347	81,621
• Capital (Note 5)	41,708	43,403
Custom printing	10,308	14,201
Education	83,151	65,824
Fundraising and donations (Note 10)	61,311	67,034
Other (Note 11)	26,325	22,608
Print sales gallery	112,776	71,232
Studio usage	<u>54,910</u>	<u>20,346</u>
	<u>611,456</u>	<u>597,889</u>
 <b>EXPENSES</b>		
<b>Operating</b>		
Administration	61,667	63,489
Fundraising	4,208	1,520
Occupancy (Note 12)	167,803	154,043
Salaries and benefits	252,957	269,671
Studio	<u>24,650</u>	<u>23,644</u>
	511,285	512,367
<b>Program</b>		
Amortization	42,668	45,138
Custom printing	8,262	8,958
Education	46,269	43,369
Open studio gallery	36,090	43,576
Print sales gallery	49,000	36,456
Scholarships and fellowships	<u>5,995</u>	<u>8,206</u>
	<u>188,284</u>	<u>185,703</u>
	<u>699,569</u>	<u>698,070</u>
 <b>EXPENSES OVER REVENUES</b>		
<b>BEFORE GOVERNMENT COVID - 19 SUBSIDIES</b>	(88,113)	(100,181)
 <b>Federal Grants:</b>		
Canada Emergency Wage Subsidy	-	16,536
Canada Emergency Rent Subsidy	-	14,162
Canada Emergency Business Account Loan	<u>-</u>	<u>20,000</u>
	<u>-</u>	<u>50,698</u>
 <b>NET EXCESS OF REVENUES OVER EXPENSES</b>		
<b>FOR THE YEAR</b>	<u>(88,113)</u>	<u>(49,483)</u>

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

**OPEN STUDIO  
STATEMENT OF CHANGES IN CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>2023</u>	<u>2022</u>
	\$	\$
		(Note 15)
Excess of expenses over revenues for the year	(88,113)	(49,483)
<b>Adjustments – Items not requiring an immediate outlay of cash:</b>		
Recognition of deferred revenue – operations	(100,030)	(73,700)
Recognition of deferred revenue – capital	(41,708)	(43,403)
Amortization	42,668	45,138
Net change in non-cash working capital items (below)	<u>154,674</u>	<u>156,354</u>
Net cash (used) provided by operating activities	<u>(32,509)</u>	<u>34,906</u>
<b>FINANCING AND INVESTING ACTIVITIES</b>		
Canada Emergency Business Account Loan	<u>(40,000)</u>	<u>(20,000)</u>
Cash (used) provided by financing and investing activities	<u>(40,000)</u>	<u>(20,000)</u>
<b>NET (DECREASE) INCREASE OF CASH AND CASH EQUIVALENTS FOR THE YEAR</b>	<b>(72,509)</b>	<b>14,906</b>
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<b><u>203,568</u></b>	<b><u>188,662</u></b>
<b>CASH AND CASH EQUIVALENTS, end of year (Note 3)</b>	<b><u>131,059</u></b>	<b><u>203,568</u></b>
<b>Net change in non-cash working capital items:</b>		
Accounts receivable	10,143	48,562
Government excise tax recoverable	739	(2,283)
Inventory	1,103	3,081
Deposits and prepaid expenses	(4,808)	(373)
Accounts payable	(4,460)	7,337
Deferred revenue – current year	<u>151,957</u>	<u>100,030</u>
	<u>154,674</u>	<u>156,354</u>

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

**OPEN STUDIO  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**1. Operations and Accounting Framework**

**Operations**

Open Studio (the “Organization”) is an artist-run centre that provides safe and affordable facilities for local, national and international print makers to work in an atmosphere of creative community. The Organization also fosters exchange and access to printmaking through a variety of activities and programs. The Organization is incorporated under the laws for the Province of Ontario without share capital on December 14<sup>th</sup>, 1971.

**Mission**

The Organization’s objective is to provide facilities and services in lithography, etching, and screen printing, to Canadian artists and to exhibit their works. The Organization provides rental space to professional artists, for a monthly fee, and makes available, artistic supplies and printing services in the studio facilities. The Organization also makes their facilities available to artists on a daily and weekly basis to further facilitate access and use of their studio. On site education and instruction is provided to course participants who have access to guest lecturers, workshops and instruction to teach people how to do etchings, lithography etc.

**Accounting Framework**

The Organization prepares its financial statements in accordance with the Chartered Professional Accountants of Canada (CPA, Canada), Handbook, Part III, Canadian accounting standards for not-for-profit organizations (ASNPO) applied on a basis consistent with that of the preceding year.

**1. Significant Accounting Policies**

Outlined below are those policies considered particularly significant:

**Method of Accounting**

The organization follows the restricted fund method of accounting for contributions.

- (i) The Operating Fund accounts for the Organization’s administrative activities and studio member services; and, reports contributions from unrestricted sources.
- (ii) The capital asset fund accounts for contributions pertaining to the acquisition of capital assets and is reduced by the cost to maintain, repair those assets and any amortization booked in the year.

**OPEN STUDIO  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**2. Significant Accounting Policies – Continued**

**Basis of Accounting**

These financial statements were prepared using the accrual basis of accounting. The accrual basis recognizes revenues as they are earned and measurable; expenses are recognized as they are incurred and measurable as a result of receipts of goods and services and the creation of legal obligation to pay.

**Cash and cash equivalents**

Cash includes cash on hand, current bank deposits and funds held in on-line banking facilities.

**Deferred Revenue**

Deferred operating grants received in advance of the fiscal period covered by the funding agreement are deferred as at the year end date. Deferred programming grants pertain to specifically designated programming and presentations events or programs extending beyond the current fiscal year end. These revenues are recognized in income, as the conditions and requirements of the funding agreement are fulfilled.

Grants received towards the financing of capital asset acquisitions are amortized into income on the same basis as the equipment is amortized to expense in the current year.

**Capital Assets**

Studio and artistic equipment, furniture, office equipment, and leasehold improvements (“capital assets”) are recorded at cost, and are amortized on a straight-line basis over their estimated useful lives as follows:

Furniture and fixtures	5 years
Office and computer equipment	3 years
Studio equipment	10 years
Leasehold improvements	over lease term

**Estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

During the year, management booked estimates to the accounts pertaining to prepaid expenses, certain accrued liabilities and deferred revenues. Additional estimates pertaining to subsidies applied for under Covid-19 pandemic legislation in the previous year, include estimates of the qualifying revenue and wages used in the determination of subsidy revenue claims.

**OPEN STUDIO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**2. Significant Accounting Policies – Continued**

**Contributed Services and Materials**

The Organization does not record the value of donated services and materials in the accounts where the fair value of these services or materials cannot be reasonably estimated; or, are not obtained in the normal course of operations. Voluntary efforts contributed by members to support the Organization's operations, represent a considerable contribution to the viability of the Organization, but are outside the scope of these statements and are therefore, not recorded to the accounts.

**Revenue Recognition**

The Organization recognized revenue on the following basis:

- **Grants:**
  - Grants related to current operation is reflected in the accounts as a revenue item in the current fiscal year;
  - Grants related to the funding of capital assets is brought into income on the same basis as the asset is amortized to operations;
  - Grants and subsidies awarded under Coronavirus 19 pandemic (Covid-19) legislation, whether government or privately funded, is recognized as approved by the funding agency;
  - Grants pertaining to specific programs or events are deferred and brought into income once the program or event has taken place;
- **Memberships follow the fiscal year, and are renewed annually. The revenue is recognized equally over the fiscal period in which membership services are provided;**
- **Workshop, educational courses and instruction are recognized when the service is provided;**
- **Sales of prints and related services are recognized as at the date of title transfer and delivery to of the service to the customer; as applicable;**
- **Commissions earned on the sale of art prints is recognized at the time of sale;**
- **Fundraising and donation revenues are recognized as received;**
- **Interest is recognized when earned;**
- **Other amounts are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.**

**Income Tax Status**

The Organization is exempt from income tax in Canada as a registered charity under Section 149(1)(f) of the Income Tax Act of Canada.

**OPEN STUDIO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**2. Summary of Significant Accounting Policies – Continued**

**Financial Assets and Financial Liabilities**

**(i) Measurement of financial instruments**

The Organization initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Organization subsequently measures all its financial assets and financial liabilities at amortized cost. Changes in fair value are recognized in the statements of operations in the period incurred. Financial assets measured at amortized cost include cash, amounts receivable and fixed income investments. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities in addition to deferred revenue.

**(ii) Impairment**

At the end of each reporting period, the Organization assesses whether there are any indications that a financial asset measured at amortized cost may be impaired. Objective evidence of impairment includes observable data that comes to the attention of the Organization, including but not limited to the following events: significant financial difficulty of the issuer; a breach of contract, bankruptcy or other financial indicators indicating distress relating to the item valued.

When there is an indication of impairment, the Organization determines whether a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset.

When the Organization identifies a significant adverse change in the expected timing or amount of future cash flows from a financial asset, it reduces the carrying amount of the asset to the highest of the following:

- a) the present value of the cash flows expected to be generated by holding the asset discounted using a current market rate of interest appropriate to the asset;
- b) the amount that could be realized by selling the asset at the statement of financial position date; and
- c) the amount the Organization expects to realize by exercising its rights to any collection action less the costs necessary to exercise those actions.

When the Organization determines an adjustment to the carrying value is required, the carrying amount of the asset is reduced directly or through the use of an allowance account.

**OPEN STUDIO  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**2. Summary of Significant Accounting Policies – Continued**

**Financial Assets and Financial Liabilities**

**(ii) Impairment - Continued**

The amount of the reduction is recognized as an impairment loss in the statements of operations. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent of the improvement, directly or by adjusting the allowance account. The amount of the reversal is recognized in the statements of operations in the period the reversal occurs.

**3. Cash and Cash Equivalents**

As at June 30, 2023, the components of the cash and cash equivalent consist of the following:

	<u>2023</u>	<u>2022</u>
	\$	\$
Cash – bank deposits	128,353	202,223
Cash on hand – cash float	168	100
Cash on hand – undeposited funds	<u>2,538</u>	<u>1,245</u>
	<u>131,059</u>	<u>203,568</u>

**4. Capital Assets**

	<u>2023</u>			<u>2022</u>		
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
	\$	\$	\$	\$	\$	\$
Furniture and fixtures	22,579	19,283	3,296	22,579	15,535	7,044
Office and computer equipment	80,429	77,971	2,458	80,429	71,510	8,919
Studio equipment	308,028	231,243	76,785	308,028	211,970	96,058
Leasehold improvements	<u>203,220</u>	<u>200,162</u>	<u>3,058</u>	<u>203,220</u>	<u>186,976</u>	<u>16,244</u>
	<u>614,256</u>	<u>528,659</u>	<u>85,597</u>	<u>614,256</u>	<u>485,991</u>	<u>128,265</u>

**5. Deferred Revenue – Capital**

Deferred revenue pertaining to capital assets is comprised of grants from the following sources:

	<u>2023</u>	<u>2022</u>
	\$	\$
Beginning balance	127,116	170,519
Less: Amounts recognized as revenue in the year	<u>41,708</u>	<u>43,403</u>
Ending Balance	<u>85,408</u>	<u>127,116</u>

**OPEN STUDIO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**6. Deferred Revenue - Operations**

Deferred revenue pertaining to operations is comprised of grants from the following sources:

	<u>2023</u>	<u>2022</u>
	\$	\$
<b>Federal Grants</b>		
The Canada Council for the Arts – Digital Now project	1,432	11,398
The Canada Council for the Arts – operating	75,000	-
<b>Provincial Grants</b>		
Ontario Trillium Foundation	-	14,382
<b>Municipal Grants</b>		
Toronto Arts Council – operating	73,000	73,000
<b>Other</b>		
Education fees	1,200	-
Membership fees	125	1,250
Studio rental fees	<u>1,200</u>	<u>-</u>
	<u>151,957</u>	<u>100,030</u>

**7. Canada Emergency Business Account (CEBA)**

In fiscal 2020 year, the Organization applied for and received a \$40,000 loan under the Canada Emergency Business Account (CEBA) as part of the Federal government’s Covid-19 relief legislation. The loan is interest-free and if paid by December 31, 2023, \$10,000 of the loan is forgivable. In fiscal 2021 the Organization received additional \$20,000 under the same terms and conditions. If repaid on time, a further \$10,000 is considered as forgivable. In fiscal 2022, the Organization’s management determined that the Organization would be in a position to allow for the repayment of both loans by the above specified date; therefore, the loan’s aggregate forgivable portion of \$20,000 has been recognized as revenue in fiscal 2022 year end. In fiscal 2023, the Organization repaid the loan in full.

**8. Investment in Capital Assets**

The investment in property and equipment consists of the following:

	<u>2023</u>	<u>2022</u>
	\$	\$
Property and equipment – net of amortization	85,597	128,265
Less: Grants used to purchase property and equipment	<u>85,408</u>	<u>127,116</u>
	<u>189</u>	<u>1,149</u>



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**9. Grants**

The organization recognized grant revenue from the following government sources:

	<u>2023</u>	<u>2022</u>
	\$	\$
<b>Federal Grants</b>		
The Canada Council for the Arts		
• Operating	75,000	90,000
• Project	9,965	38,603
<b>Provincial Grants</b>		
Ontario Arts Council – operating	48,620	48,620
Ontario Trillium Foundation – project	14,382	43,018
<b>Municipal Grants</b>		
Toronto Arts Council – operating	<u>73,000</u>	<u>73,000</u>
	<u>220,967</u>	<u>293,241</u>

**10. Donations In Kind**

The Organization also receives donated artwork for the specific purpose of conducting a fundraiser auction. In fiscal 2023, the Organization received in-kind contributions of artist provided artwork in the amount of \$29,055.

**11. Other Revenue**

The Organization recognized ancillary revenue from the following sources:

	<u>2023</u>	<u>2022</u>
	\$	\$
		(Note 15)
Food and drink sales	440	-
Investment income	9,709	9,520
Membership and user fees	15,598	12,734
Misc revenue	<u>578</u>	<u>354</u>
	<u>26,325</u>	<u>22,608</u>

**12. Commitments and Contingencies**

**Credit Facilities**

The Organization has negotiated the following credit facilities with the Scotia Bank by letter of agreement.

<u>Credit Facility</u>	<u>Terms</u>	<u>Approved</u>	<u>Balance</u>
		\$	\$
VISA Credit Card(s)	Due on demand; Interest 19.99% per annum	<u>10,000</u>	<u>4,896</u>

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**12. Commitments and Contingencies - Continued**

**Lease Commitments – Subsequent Event**

In 2018, the Organization committed to a five-year lease agreement renewal effective September 1<sup>st</sup>, 2018 with an option to renew for a further 5 years. On July 17, 2023, the Organization exercised its option for another 5 year term commencing September 1, 2023.

Future minimum lease payments for the Organization’s premises under the lease (exclusive of realty taxes, Harmonized Sales Tax and other occupancy charges) are as follows:

	\$
2024	<u>139,128</u>
2025	<u>143,274</u>
2026	<u>147,610</u>
2027	<u>152,074</u>
2028	<u>156,612</u>

**13. Open Studio Arts Endowment Fund**

In 1999, the Organization has established the Open Studio Arts Endowment Fund which is administered by the Ontario Arts Foundation (OAF) under the terms of the Arts Endowment Fund (AEF) Program. The AEF is a program of the Government of Ontario through the Ministry of Citizenship, Culture and Recreation. In both the current and prior years, the Organization did not make any new contribution to the Endowment Fund. Money contributed and matched under the AEF program is held in perpetuity and is non-expendable; accordingly, the assets in the endowment fund are excluded from these financial statements. Investment income earned is made available to the Organization for ongoing programming. Funds are distributed to the Organization annually and are included in other revenue. Should the Organization cease to exist, the OAF will retain all the funds and will have the responsibility of using these within the spirit of the endowment agreement between themselves and the Organization, most likely transferring to another similar organization with a common purpose and mission. In the most recent statement from OAF (June 30, 2023), the fair market value of the funds held in trust on behalf of the Studio Arts endowment fund stands at \$179,300 (2022 - \$121,223). In 2023, the Organization received a payment from the AEF in the amount of \$8,747 ( 2022 - \$9,290).

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**14. Risk**

**General**

The Organization holds financial assets in the form of cash and both grants and accounts receivable. It is management's opinion that the fair value of these financial instruments approximates their historic stated values, plus accrued interest; where applicable, due to the short term to maturity for the items held at year end.

The Organization also holds financial liabilities in the form of accounts payable and accrued liabilities, and deferred revenue. As with the financial assets, fair value and stated value approximate each other at year end due to the short term to maturity of the liabilities and debts held at June 30, 2023.

**Liquidity Risk**

Liquidity risk is the risk that the Organization will encounter difficulty in meeting its obligations associated with its financial liabilities. Over the past two years, the Organization's accumulated surplus has seen a reduction from \$95,139 to a deficit position of \$42,457 at the end of the current fiscal period. Based on fiscal 2024 operations to date, and managements' budget for the 2023-24 operating cycle, the Organization expects to meet these obligations as they come due by generating sufficient cash flows from operations which includes, but is not limited to, grants, print sales, educational courses, fundraising and membership revenues.

**Credit Risk**

Credit risk is the risk that a counterpart to a financial instrument will fail to discharge an obligation of commitment that it has entered into with the Organization.

The Organization currently has trade and grants receivables which represent a form of credit risk; however, as these amounts are primarily receivable from government bodies, management considers that the risk of default is minimal as they are reliable and financially secure.

**Other Risks**

It is management's opinion that the Organization is not exposed to significant interest, currency or market risks arising from the financial instruments held.

**15. Comparative Figures**

Certain comparative figures for the year ended June 30, 2022 have been either reclassified or reformatted to conform with the current year's presentation format.

In addition, comparative figures for the year ended June 30, 2022 were audited by another chartered professional firm who issued a qualified opinion dated September 27, 2022.