

VIBE ARTS
YEAR ENDED AUGUST 31, 2023

TABLE OF CONTENTS

	Page
Independent auditor's report	1 - 2
Financial statements:	
Statement of operations	3
Statement of changes in net assets	4
Statement of cash flow	5
Statement of financial position	6
Notes to financial statements	7 - 13



INDEPENDENT AUDITOR'S REPORT

To the directors of

VIBE ARTS

Qualified Opinion

We have audited the financial statements of VIBE Arts, which comprise the statement of financial position as at August 31, 2023 and the statements of operations, changes in net assets, and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of VIBE Arts as at August 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Basis for Qualified Opinion

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 report. We are independent of the organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical 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.

The organization applied and received government assistance in 2020 and 2021. The government had not provided enough clarification on eligibility criteria around revenue recognition for not-for-profits and as a result, the accuracy of revenues used to determine eligibility was not susceptible to satisfactory audit verification, nor was the corresponding subsidy claim. Accordingly, our verification of the government assistance was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to net assets.

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 accounting standards for not-for-profit organizations (ASNFPO), 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 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.

Those charged with governance are responsible for overseeing the organization's financial reporting process.

INDEPENDENT AUDITOR'S REPORT (cont'd)

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 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, we exercise professional judgment and maintain professional skepticism throughout the audit. 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 organization's internal controls.
- 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 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 conclusions are based on audit evidence obtained up to the date of our 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.

We communicate with those charged with governance regarding, amongst 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.

Stern Cohen LLP

Chartered Professional Accountants
Licensed Public Accountants
Toronto, Canada
January 23, 2024



VIBE ARTS

STATEMENT OF OPERATIONS

For the year ended August 31,	2023			2022		
	General	Outreach	Total	General	Outreach	Total
	\$	\$	\$	\$	\$	\$
Revenues						
Foundation grants	33,500	235,756	269,256	6,000	217,773	223,773
Provincial grants	-	208,400	208,400	-	270,400	270,400
Ontario Arts Council grants	81,842	-	81,842	76,942	-	76,942
Toronto Arts Council grants	68,000	-	68,000	68,000	7,000	75,000
Municipal government grants	-	30,622	30,622	5,439	102,499	107,938
Federal government grants	-	84,929	84,929	-	37,000	37,000
Corporate donations	12,200	97,452	109,652	-	81,133	81,133
Individual donations	2,349	30,764	33,113	373	59,904	60,277
Sponsorships	-	161,500	161,500	-	116,390	116,390
Fundraising events (Note 7)	132,716	6,391	139,107	89,100	4,548	93,648
OACF Arts Endowment Fund (Note 9)	16,526	-	16,526	-	17,699	17,699
Interest income	9,723	-	9,723	2,091	-	2,091
Intermediary income (Note 10)	9,077	32,381	41,458	10,976	37,319	48,295
Other income	2,616	26,195	28,811	7,007	12,420	19,427
	368,549	914,390	1,282,939	265,928	964,085	1,230,013
Expenses						
Salaries and benefits	175,868	373,720	549,588	162,768	330,468	493,236
Artist fees	2,160	427,008	429,168	2,500	274,296	276,796
Program supplies	833	127,419	128,252	3,521	96,764	100,285
Professional fees	6,376	6,376	12,752	7,820	7,820	15,640
Consulting fees	-	2,000	2,000	310	4,184	4,494
Fundraising	102,664	16,789	119,453	63,377	21,237	84,614
Marketing and communication	1,418	8,701	10,119	1,543	6,155	7,698
General and administration	21,785	1,147	22,932	20,909	1,110	22,019
Insurance	4,407	-	4,407	3,544	-	3,544
Professional development	25	-	25	100	100	200
Rent	31,364	31,364	62,728	30,262	30,262	60,524
Lunches and sancks	423	3,237	3,660	-	-	-
Amortization	4,317	-	4,317	4,712	-	4,712
	351,640	997,761	1,349,401	301,366	772,396	1,073,762
Excess (deficiency) of revenues over expenses	16,909	(83,371)	(66,462)	(35,438)	191,689	156,251

VIBE ARTS

STATEMENT OF CHANGES IN NET ASSETS

For the year ended August 31, 2023	General \$	Outreach \$	Reserve fund - general \$	Total \$
Beginning of year	157,817	303,369	195,000	656,186
Excess (deficiency) of revenues over expenses for the year	16,909	(83,371)	-	(66,462)
End of year	174,726	219,998	195,000	589,724

For the year ended August 31, 2022	General \$	Outreach \$	Reserve fund - general \$	Total \$
Beginning of year	243,255	111,680	145,000	499,935
Excess (deficiency) of revenues over expenses for the year	(35,438)	191,689	-	156,251
Interfund transfer	(50,000)	-	50,000	-
End of year	157,817	303,369	195,000	656,186

See accompanying notes.

VIBE ARTS
STATEMENT OF CASH FLOW

For the year ended August 31,	2023 \$	2022 \$
Operating activities		
Excess (deficiency) of revenues over expenses for the year	(66,462)	156,251
Item not involving cash Amortization of capital assets	4,317	4,712
Working capital (required by) from operations	(62,145)	160,963
Net change in non-cash working capital balances related to operations	(111,005)	(90,007)
Cash from (required by) operations	(173,150)	70,956
Investing activities		
Acquisition of capital assets	(16,816)	-
Purchase of GICs	(59,201)	(1,307)
	(76,017)	(1,307)
Change in cash and cash equivalents during the year	(249,167)	69,649
Cash and cash equivalents		
Beginning of year	811,236	741,587
End of year	562,069	811,236

See accompanying notes.

VIBE ARTS

STATEMENT OF FINANCIAL POSITION

As at August 31,	2023 \$	2022 \$
ASSETS		
Current assets		
Cash and cash equivalents	562,069	811,236
Short term investments (Note 2)	365,508	306,307
Accounts receivable	50,673	18,492
HST receivable	20,361	14,816
Prepaid expenses	10,233	10,896
	1,008,844	1,161,747
Capital assets (Note 3)	15,170	2,671
	1,024,014	1,164,418
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	52,418	61,611
Deferred revenue (Note 4)	318,808	373,557
Deferred program expansion (Note 5)	45,823	55,823
	417,049	490,991
Mural maintenance reserve (Note 6)	17,241	17,241
	434,290	508,232
NET ASSETS		
General	174,726	157,817
Outreach	219,998	303,369
Reserve fund - general	195,000	195,000
	589,724	656,186
	1,024,014	1,164,418

Other information (Note 11)

See accompanying notes.

Approved on behalf of the Board:

Director



Director




VIBE Arts was established in 1995 with the principal goal of engaging children and youth from underserved communities in the Greater Toronto Area in the arts, through participation in accessible, high quality and innovative programs.

VIBE is incorporated without share capital under Ontario law and is a tax-exempt registered charity under Section 149(1)(f) of the Income Tax Act (Canada) and as such is exempt from income taxes and is able to issue tax receipts to donors.

1. Significant accounting policies

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Revenue recognition

The organization follows the deferral method of accounting for contributions.

Contributions including grants, donations and sponsorships, that are earmarked for outreach programs are recognized as revenue when the related expenditure is incurred.

Unrestricted contributions, sponsorship and fundraising revenue are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions are deferred when initially recorded in the accounts and recognized as revenue in the year in which the related expenses are incurred. Where funds are received in connection with the creation of public artworks where a maintenance fund is required to be maintained, funds received are deferred when initially recorded in the accounts and recognized as revenue in the year in which the related maintenance expenses are incurred.

Program fees are recognized as revenue when the programs are held.

OACF Arts Endowment Fund distributions are recorded as revenue when received.

Interest and other revenue are recognized on an accrual basis.

Revenue from income earned as the intermediary is recognized when received.

1. Significant accounting policies (cont'd)*(b) Fund accounting*

The financial statements include the following funds:

- The General fund accounts for the general operating activities of VIBE;
- The Outreach fund accounts for the outreach programs intended to enhance arts education in the broader community. Revenues recognized in this fund include amounts designated by the contributor to be used for outreach programs;
- The Reserve fund - general is an internally restricted fund created as a reserve against potential interruptions in funding or other revenues.

(c) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits with chartered banks less outstanding cheques, and short term money market instruments which are readily convertible into a known amount of cash, are subject to insignificant risk of changes in value, and with terms to maturity of three months or less at the date of purchase.

(d) Capital assets

Capital assets are stated at cost. Amortization is recorded at rates calculated to charge the cost of the assets to operations over their estimated useful lives. Maintenance and repairs are charged to operations as incurred. Gains and losses on disposals are calculated on the remaining net book value at the time of disposal and included operations.

Amortization is charged to operations on a straight-line basis at the following annual rates:

Computer hardware	-	3 years
Motor vehicle	-	5 years

The organization reviews the carrying amounts of its capital assets regularly. If the capital assets no longer have any long-term service potential to the organization, the excess of the net carrying amount over any residual value is recognized as an expense in the statement of operations.

1. Significant accounting policies (cont'd)*(e) Contributed services*

The organization accepts donations in kind. The value of contributed goods is recognized if a fair value can be reasonably estimated and the goods are used in the normal course of operations and would otherwise have been purchased. Goods contributed for resale at fundraising events are not recognized in these statements, as the fundraising revenues are recognized. Volunteers are critical for the operations of VIBE and contribute significantly to its activities; due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

(f) Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenditures during the period. Actual results could differ from these estimates.

(g) Financial instruments

The organization initially measures its financial assets and financial liabilities at fair value.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for short term investments, which are measured at fair value. Changes in fair value are recognized in excess of revenue over expenses.

The organization's financial instruments that are measured at amortized cost consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and deferred revenue.

2. Short-term investments

The guaranteed investment certificates earn interest of 3.25% to 4.69% (2022 - 0.25% to 2.45%) per annum and mature between October 4, 2023 and July 24, 2024 (2022 - December 7, 2022 and July 4, 2023).

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2023

3. Capital assets

	Cost \$	Accumulated amortization \$	Net Book Value	
			2023 \$	2022 \$
Furniture and equipment	29,526	25,928	3,598	-
Computer hardware	18,160	6,588	11,572	2,671
	47,686	32,516	15,170	2,671

4. Deferred revenue

Deferred revenue includes amounts received for programs to be delivered in future periods. Deferred revenue is recorded when the funds are received, and recognized as revenue in the year the related expenditure takes place:

	2023 \$	2022 \$
Balance - beginning of year	373,557	435,468
Amounts received	688,300	729,142
Recognized as revenue	(743,049)	(791,053)
	318,808	373,557

5. Deferred program expansion

In October 2014, the organization received a donation of \$400,000 restricted by the donor to be used towards costs of expanded programs. During the year \$10,000 (2022 - \$14,177) of these funds were applied to program expansion.

6. Mural maintenance reserve

The organization is obligated to maintain certain public murals for varying periods, generally not in excess of five years from the date of installation. Portions of funding received are deferred and accounted for in the mural maintenance reserve on a specific project basis. Deferred mural maintenance reserves are recorded when the funds are received, and recognized as revenue in the year the related expenditure takes place with any balances being recognized at the end of the obligation period.

7. Fundraising events

During the year the organization held fundraising events including a major event called "ArtsEffect 2023". Fundraising revenues includes proceeds of \$129,097 (2022 - \$89,678) from ticket sales and from the auction of donated artworks at ArtsEffect; the direct cost of holding the ArtsEffect event was \$63,410 (2022 - \$31,086). The initial donation of the artworks is not accounted for in these financial statements.

8. Significant contributed services

During the year the organization received a contribution of in-kind advertising spaces with a estimated value of \$100,000 (2022 - \$100,000). These spaces are used to exhibit project work and for the general promotion of VIBE. The organization also received in-kind art with an estimated value of \$34,505 (2022 - \$30,700) and storage unit service with an estimated value of \$1,199 (\$2022 - \$5,981). In accordance with VIBE's accounting policies these amounts are not recognized in the financial statements.

9. Endowment fund distribution

VIBE has established the VIBE Arts Endowment Fund under the terms of the Arts Endowment Fund ("AEF") Program. The AEF is a program of the Government of Ontario through the Ministry of Culture, administered by the Ontario Arts Council Foundation. During the year, VIBE did not make any contributions to the AEF and there were no matching funds received from the AEF during the year. The market value of the Arts for Children of Toronto Arts Endowment Fund as at August 31, 2023 was \$345,831 (2022 - \$313,318). Under the program, VIBE is entitled to annual distributions based on the fair market value of the fund. During the year, VIBE received a distribution of \$16,526 (2022 - \$17,699) which has been included in General fund revenues. The assets of the endowment fund are not reflected in these financial statements.

10. Intermediary income and payments

VIBE administers the distribution of certain grants for unrelated third parties. During the year VIBE received \$90,769 (2022 - \$109,762) in funding from various funders which was disbursed to RISE Edutainment, a community-based initiative to engage youth in their communities; a percentage was retained by VIBE to fund the costs of administering the grant. The net amount is reflected in the revenues of VIBE.

In addition, VIBE received \$32,200 (2022 - \$100,400) in funding from the Ontario Trillium Foundation of which \$28,014 (2022 - \$87,750) was disbursed to AfroWaveTO, a community-based initiative creating a safe and inclusive space for youth and upcoming artists to express themselves; the remainder was retained by VIBE to fund the costs of administering the grant. Other Ontario Trillium Foundation third party grants were received for Street Voices Program of \$85,000 (2022 - \$42,500) of which \$72,250 (2022 - \$36,125) was disbursed and for the Catharsis Program of \$84,800 (2022 - \$42,400) of which \$74,163 (2022 - \$36,125) was disbursed. The net amount is reflected in the revenues of VIBE.

Lastly, VIBE received \$34,000 (2022 - \$85,000) in funding from the Ontario Trillium Foundation of which \$29,192 (2022 - \$72,981) was disbursed to Kamalayan Konciousness, a community-based initiative to provide workshops, mentorship and seminars addressing racism and other topics relevant to experiences in Canada for Filipino youth; the remainder was retained by VIBE to fund the costs of administering the grant. The net amount is reflected in the revenues of VIBE.

11. Other Information*(a) Lease commitments*

The organization is committed under a lease for their premises until July 31, 2025.

	\$
2024	<u>58,700</u>
2025	<u>55,000</u>
	<u><u>113,700</u></u>

11. Other information (cont'd)

(b) Financial instruments

The organization is exposed to the following significant financial risks:

(i) Liquidity risk

Liquidity risk is the risk that the organization may not be able to meet its financial obligations as they become due. The organization manages its liquidity risk by monitoring and managing the cash requirements to ensure the organization has sufficient funds to meet its operational requirements.

(ii) Credit risk

The organization is exposed to credit risk in the event of non-payment in connection with its accounts receivable. The exposure to credit risk is the carrying value of accounts receivable on the statement of financial position.

(iii) Interest risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The organization is exposed to interest rate risk with respect to its investments in interest bearing financial instruments. The foundation does not use derivative financial instruments to alter the effects of this risk.