

VIBE ARTS
YEAR ENDED AUGUST 31, 2024

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INDEPENDENT AUDITOR'S REPORT

To the directors of

VIBE ARTS

Opinion

We have audited the financial statements of VIBE Arts, which comprise of the statement of financial position as at August 31, 2024 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, the financial statements present fairly, in all material respects, the financial position of VIBE Arts as at August 31, 2024 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 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 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 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.

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.

INDEPENDENT AUDITOR'S REPORT (cont'd)

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 20, 2025

VIBE ARTS

STATEMENT OF OPERATIONS

For the year ended August 31,	General	Outreach	2024	General	Outreach	2023
	\$	\$	Total	\$	\$	Total
	\$	\$	\$	\$	\$	\$
Revenues						
Foundation grants	10,904	253,765	264,669	33,500	235,756	269,256
Provincial grants	-	24,000	24,000	-	208,400	208,400
Ontario Arts Council grants	76,842	-	76,842	81,842	-	81,842
Toronto Arts Council grants	75,000	20,000	95,000	68,000	-	68,000
Municipal government grants	23,952	6,446	30,398	-	30,622	30,622
Federal government grants	-	49,500	49,500	-	84,929	84,929
Corporate donations	10,979	103,360	114,339	12,200	97,452	109,652
Individual donations	27,093	20,312	47,405	2,349	30,764	33,113
Sponsorships	10,000	163,000	173,000	-	161,500	161,500
Fundraising events (Note 7)	63,842	5,521	69,363	132,716	6,391	139,107
OACF Arts Endowment Fund (Note 9)	17,094	-	17,094	16,526	-	16,526
Interest income	16,301	-	16,301	9,723	-	9,723
Intermediary income (Note 10)	8,100	35,132	43,232	9,077	32,381	41,458
Other income	38,579	50,261	88,840	2,616	26,195	28,811
	378,686	731,297	1,109,983	368,549	914,390	1,282,939
Expenses						
Salaries and benefits	184,878	392,866	577,744	175,868	373,720	549,588
Artist fees	-	272,935	272,935	2,160	427,008	429,168
Program supplies	3,468	62,286	65,754	833	127,419	128,252
Professional fees	6,626	6,626	13,252	6,376	6,376	12,752
Consulting fees	-	10,234	10,234	-	2,000	2,000
Fundraising	96,366	1,235	97,601	102,664	16,789	119,453
Marketing and communication	1,238	985	2,223	1,418	8,701	10,119
General and administration	22,418	50	22,468	21,785	1,147	22,932
Insurance	1,241	1,184	2,425	4,407	-	4,407
Professional development	105	-	105	25	-	25
Rent	27,657	27,657	55,314	31,364	31,364	62,728
Lunches and snacks	269	4,560	4,829	423	3,237	3,660
Amortization	6,378	-	6,378	4,317	-	4,317
	350,644	780,618	1,131,262	351,640	997,761	1,349,401
Excess (deficiency) of revenues over expenses	28,042	(49,321)	(21,279)	16,909	(83,371)	(66,462)

VIBE ARTS

STATEMENT OF CHANGES IN NET ASSETS

For the year ended August 31, 2024	General \$	Outreach \$	Reserve fund - general \$	Total \$
Beginning of year	174,726	219,998	195,000	589,724
Excess (deficiency) of revenues over expenses for the year	28,042	(49,321)	-	(21,279)
End of year	202,768	170,677	195,000	568,445

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

See accompanying notes.

VIBE ARTS
STATEMENT OF CASH FLOW

For the year ended August 31,	2024 \$	2023 \$
Operating activities		
Deficiency of revenues over expenses for the year	(21,279)	(66,462)
Item not involving cash Amortization of capital assets	6,378	4,317
Working capital required by operations	(14,901)	(62,145)
Net change in non-cash working capital balances related to operations	(19,214)	(111,005)
Cash required by operations	(34,115)	(173,150)
Investing activities		
Acquisition of capital assets	(19,868)	(16,816)
Investment in GICs, net	49,987	(59,201)
	30,119	(76,017)
Change in cash and cash equivalents during the year	(3,996)	(249,167)
Cash and cash equivalents		
Beginning of year	562,069	811,236
End of year	558,073	562,069

See accompanying notes.

VIBE ARTS


STATEMENT OF FINANCIAL POSITION

As at August 31,	2024 \$	2023 \$
ASSETS		
Current assets		
Cash and cash equivalents	558,073	562,069
Short term investments (Note 2)	315,520	365,508
Accounts receivable	27,656	50,673
HST receivable	19,087	20,361
Prepaid expenses	14,309	10,233
	934,645	1,008,844
Capital assets (Note 3)	28,659	15,170
	963,304	1,024,014
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	49,295	52,418
Deferred revenue (Note 4)	282,500	318,808
Deferred program expansion (Note 5)	45,823	45,823
	377,618	417,049
Mural maintenance reserve (Note 6)	17,241	17,241
	394,859	434,290
NET ASSETS		
General	202,768	174,726
Outreach	170,677	219,998
Reserve fund - general	195,000	195,000
	568,445	589,724
	963,304	1,024,014


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:

Furniture and equipment	-	5 years
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 4.00% to 4.95% (2023 - 3.25% to 4.69%) per annum and mature between November 8, 2024 and July 10, 2025 (2023 - October 4, 2023 and July 24, 2024).

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2024

3. Capital assets

	Cost \$	Accumulated amortization \$	Net Book Value	
			2024 \$	2023 \$
Furniture and equipment	29,526	26,648	2,878	3,598
Computer hardware	18,160	11,751	6,409	11,572
Motor vehicle	19,868	496	19,372	-
	67,554	38,895	28,659	15,170

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:

	2024 \$	2023 \$
Balance - beginning of year	318,808	373,557
Amounts received	504,101	688,300
Recognized as revenue	(540,409)	(743,049)
	282,500	318,808

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 \$nil (2023 - \$10,000) 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 2024". Fundraising revenues includes proceeds of \$63,842 (2023 - \$129,097) from ticket sales and from the auction of donated artworks at ArtsEffect; the direct cost of holding the ArtsEffect event was \$42,463 (2023 - \$63,410). 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 (2023 - \$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 \$27,626 (2023 - \$34,505) and storage unit service with an estimated value of \$13,503 (\$2023 - \$1,199). 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, 2024 was \$371,607 (2023 - \$345,831). 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 \$17,094 (2023 - \$16,526) 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 \$81,538 (2023 - \$90,769) 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 \$7,800 (2023 - \$32,200) in funding from the Ontario Trillium Foundation of which \$6,786 (2023 - \$28,014) 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 \$63,800 (2023 - \$85,000) of which \$54,230 (2023 - \$72,250) was disbursed, the Catharsis Program of \$84,800 (2023 - \$84,800) of which \$73,013 (2023 - \$74,163) was disbursed and for the Habasooda program of \$50,000 (2023 - nil) of which \$42,500 (2023 - nil) was disbursed. The net amount is reflected in the revenues of VIBE.

VIBE also received \$8,200 (2023 - \$34,000) in funding from the Ontario Trillium Foundation of which \$7,052 (2023 - \$29,192) 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.

Lastly, VIBE received \$17,000 (2023 - nil) in funding from City of Toronto of which \$15,300 (2023 - nil) was disbursed to Scarbrite Collective for Malvern (SHE Malvern) project, and \$16,089 (2023 - nil) in funding from Lucile Pratt Fund, administered through the Toronto Foundation (2023: nil), with \$13,676 (2023: nil) being disbursed to Street Voices. 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. Monthly payments totalling \$55,000 are expected to be made in the next fiscal year.

(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.