

Financial Report

The Grimsby Public Art Gallery

December 31, 2023

Table of Contents

- Management’s Responsibility for the Financial Statements 1
- Independent Practitioner’s Review Engagement Report 2
- Statement of Financial Position 4
- Statement of Operations 5
- Statement of Changes In Net Financial Assets 6
- Statement of Cash Flows 7
- Notes to the Financial Statements 8

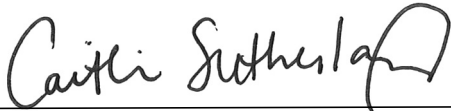
THE GRIMSBY PUBLIC ART GALLERY
MANAGEMENT’S RESPONSIBILITY FOR THE FINANCIAL
STATEMENTS

The accompanying financial statements of The Grimsby Public Art Gallery (“the Gallery”) are the responsibility of the Gallery’s management and have been prepared in compliance with legislation, and in accordance with Canadian Public Sector Accounting Standards. A summary of the significant accounting policies is described in Note 2 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management’s judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Gallery’s management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

The Council meets with management and external accountants to review and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been reviewed by Grant Thornton LLP, licensed public accountants, appointed by the Town of Grimsby. The accompanying Independent Practitioner’s Review Engagement Report outlines their responsibilities, and their opinion on the Gallery’s financial statements.



Caitlin Sutherland
Art Gallery Manager/Curator
Corporation of the Town of Grimsby



Tony Del Monaco, CPA, CMA
Director of Finance/Treasurer
Corporation of the Town of Grimsby

June 18, 2024

Independent Practitioner's Review Engagement Report

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To the Members of
The Grimsby Public Art Gallery

We have reviewed the accompanying financial statements of The Grimsby Public Art Gallery that comprise the statement of financial position as at December 31, 2023, and the statements of operations, changes in net financial assets, 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 public sector accounting standards, 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.

Basis for qualified conclusion

The Gallery belongs to a post-employment benefit plan which is administered by the Town of Grimsby. The Gallery's share of the post-employment benefit liability is not reflected in the statement of financial position of the Gallery as it was impractical to complete this analysis. The effect of this departure from Canadian public sector accounting standards on the financial statements has not been determined.

Qualified conclusion

Based on our review, except for the effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that these financial statements do not present fairly, in all material respects, the financial position of The Grimsby Public Art Gallery as at December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Port Colborne, Canada
June 18, 2024

Chartered Professional Accountants
Licensed Public Accountants

THE GRIMSBY PUBLIC ART GALLERY
STATEMENT OF FINANCIAL POSITION

As at December 31, 2023

	2023	2022
Financial Assets		
Receivable from Town of Grimsby	\$ 178,236	\$ 228,297
Inventory	4,791	4,413
	183,027	232,710
Financial Liabilities		
Deferred revenue (Note 4)	16,749	76,885
Capital lease obligation (Note 5)	2,476	3,191
	19,225	80,076
Net Financial Assets	163,802	152,634
Non-Financial Assets		
Prepaid expenses	116	133
Tangible capital assets (Note 6)	1,991	2,788
	2,107	2,921
Accumulated surplus (Note 7)	\$ 165,909	\$ 155,555

See accompanying notes to financial statements.

Acknowledged and Reviewed by the Committee

The image shows two handwritten signatures in black ink, each positioned above a horizontal line. The signature on the left is more complex and stylized, while the signature on the right is simpler and more fluid.

THE GRIMSBY PUBLIC ART GALLERY

STATEMENT OF OPERATIONS

For the Year Ended December 31, 2023

	2023 Budget (Note 14)	2023 Actual	2022 Actual
Revenues			
Municipal contributions (Note 8)	\$ 285,910	\$ 285,910	\$ 254,600
Government transfers (Note 9)	41,970	99,865	65,393
Donations	3,000	800	1,167
Fundraising	10,000	3,505	901
Giftshop	18,000	19,048	12,917
Other (Note 10)	27,500	21,699	33,043
	386,380	430,827	368,021
Expenses			
Advertising and promotion	4,000	3,199	1,437
Amortization	797	797	797
Conferences and training	700	26	45
Events	25,880	64,860	45,566
Giftshop	6,750	8,081	6,846
Maintenance and repairs	24,220	26,955	23,313
Memberships	1,400	561	619
Office	9,050	4,988	4,870
Professional fees	3,660	3,011	3,641
Salaries, wages and benefits (Notes 11, 12 and 13)	262,620	267,362	227,892
Supplies	19,000	18,580	7,002
Travel	500	915	3,122
Utilities			
	28,600	21,138	20,046
	387,177	420,473	345,196
Annual surplus (deficit)	(797)	10,354	22,825
Accumulated Surplus (Note 7)			
Beginning of year	155,555	155,555	132,730
End of year	\$ 154,758	\$ 165,909	\$ 155,555

See accompanying notes to the financial statements.

THE GRIMSBY PUBLIC ART GALLERY

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

For the Year Ended December 31, 2023

	2023 Budget (Note 14)	2023 Actual	2022 Actual
Annual surplus (deficit)	\$ (797)	\$ 10,354	\$ 22,825
Amortization of tangible capital assets	797	797	797
Acquisition of tangible capital assets	-	-	-
Utilization of prepaid expenses	-	17	137
Increase in net financial assets	-	11,168	23,759
Net financial assets			
Beginning of year	152,634	152,634	128,875
End of year	\$ 152,634	\$ 163,802	\$ 152,634

See accompanying notes to the financial statements.

THE GRIMSBY PUBLIC ART GALLERY

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2023

	2023	2022
Increase (decrease) in cash and cash equivalents		
Operating activities		
Annual surplus	\$ 10,354	\$ 22,825
Non-cash items:		
Amortization of tangible capital assets	797	797
Change in non-cash assets and liabilities:		
Receivable from Town of Grimsby	50,061	(72,746)
Inventory	(378)	45
Prepaid expenses	17	137
Deferred revenue	(60,136)	49,654
	715	712
Financing activities		
Repayment of capital lease obligation	(715)	712
Net increase (decrease) in cash and cash equivalents	-	-
Cash and cash equivalents		
Beginning of year	-	-
End of year	\$ -	\$ -

See accompanying notes to the financial statements.

THE GRIMSBY PUBLIC ART GALLERY

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

1. Purpose of the Art Gallery Board

The Grimsby Public Art Gallery (“the Gallery”) provides art gallery services to residents of the Town of Grimsby and residents of other municipalities who have contracted with the Gallery for services.

2. Significant accounting policies:

Management responsibility

The financial statements of the Gallery are the responsibility of and prepared by management in accordance with Canadian public sector accounting standards. The preparation of the financial statements necessarily involves the use of the estimates based on the management’s judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The significant accounting policies used are as follows:

a) Basis of accounting

Sources of revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting records revenues in the period they are earned and measurable and expenses in the period the goods and services are acquired, and a liability is incurred.

b) Reporting entity

The financial statements reflect the financial assets, liabilities, non-financial assets, revenues, expenses, and changes in accumulated surplus of the Gallery.

c) Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with bank and guaranteed investments certificates.

d) Tangible capital assets

Tangible capital assets are recorded at cost. Cost includes all directly attributable expenses to acquisition, construction, development and/or betterment of the asset, required to install the asset at the location and in the condition necessary for its intended use. Contributed tangible assets are capitalized at their estimated fair value upon acquisition. The Gallery does not capitalize interest as part of the costs of its capital assets.

THE GRIMSBY PUBLIC ART GALLERY

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

2. Significant accounting policies (continued)

d) Tangible capital assets (continued)

Amortization is calculated on a straight-line basis to write-off the net cost of each asset over its useful life for all classes except land. Land is considered to have infinite life without amortization. Residual values of assets are assumed to be zero with any net gain or loss arising from the disposal of assets recognized in the Statement of Operations as other revenue. Works of art and cultural assets are not recorded as assets in these financial statements.

Classification	Useful Life
Equipment	5 years

Assets under construction are not amortized until the asset is available for productive use.

e) Deferred revenue

Deferred revenue is comprised of user charges, user fees and grant amounts which have been received prior to the fiscal year to which they pertain. These amounts will be recognized as revenues in the fiscal year the services are performed.

(f) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all the benefits and risks incidental to ownership of property are considered as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

(g) Revenue recognition

Government transfers, which include municipal contributions, provincial and federal grants, are recognized in the year in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria or stipulations have been met, and reasonable estimates of the amount can be made.

Donations and other revenues are recognized when received.

Gift shop and other revenues are recognized when the services are performed or goods are delivered and there is reasonable assurance of collection.

THE GRIMSBY PUBLIC ART GALLERY

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

2. Significant accounting policies (continued):

(h) Reserves for future expenses

Certain amounts, as approved by the Gallery, are set aside in reserves for future operating and capital expenses.

(i) Financial instruments

The Art Gallery initially measures its financial assets and financial liabilities at fair value. The Art Gallery subsequently measures all its financial assets and financial liabilities at amortized cost. Financial liabilities are removed from the Statement of Financial Position upon discharge, cancellation, or expiration.

Financial assets measured at amortized cost include the receivable from the Town of Grimsby.

Financial liabilities measured at amortized cost include the capital lease obligation.

(j) Use of estimates

The preparation of the financial statements in accordance with Canadian Public Sector Accounting Standards 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 expenses during the reporting period. Actual results could differ from those estimates. Areas in which management make estimates are with regards to useful lives of tangible capital assets.

THE GRIMSBY PUBLIC ART GALLERY

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

3. Adoption of new guidance

Effective January 1, 2023, the Art Gallery adopted new public sector accounting standards sections PS 3450 Financial Instruments, PS 3041 Portfolio Investments, PS 2601 Foreign Currency Translation and Section 1201 Financial Statement Presentation along with the related amendments. PS 3450 Financial Instruments requires the fair value measurement of derivatives and portfolio investments in equities quoted in an active market. All other financial assets and liabilities are measured at cost or amortized cost (using the effective interest method), or, by policy choice, at fair value when the entity defines and implements a risk management or investment strategy to manage and evaluate the performance of a group of financial assets, financial liabilities or both on a fair value basis.

The measurement requirements were applied prospectively. The recognition, derecognition, and measurement policies followed in the comparative period were not reversed and the comparative figures have not been restated.

There were no adjustments required and there are no remeasurement gains or losses or embedded derivatives requiring the presentation of a Statement of Remeasurement Gains or Losses.

4. Deferred revenue

	<u>2023</u>	<u>2022</u>
Balance, beginning of the year	\$76,885	\$ 27,231
Grant revenue received during the year	\$39,740	\$115,155
Revenue recognized during the year	(99,876)	(65,501)
Balance, end of year	\$ 16,749	\$ 76,885

THE GRIMSBY PUBLIC ART GALLERY

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

5. Capital lease obligation

(a) The capital lease obligation reported on the Statement of Financial Position is made up of the following:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>2023</u>	<u>2022</u>
Photocopier	3.1%	2026	\$ 2,476	\$ 3,191

(b) Principal payments due in each of the next three years are as follows:

2024	\$ 779
2025	850
2026	847

(c) Total charges for interest, which are reported on the Statement of Operations in contracted services amounts to \$ 258 (2022 - \$ 260)

6. Equipment under capital lease

	<u>2023</u>	<u>2022</u>
Cost		
Beginning of year	\$ 3,984	\$ 3,984
Additions	-	-
Disposals	-	-
End of year	3,984	3,984
Accumulated amortization		
Beginning of year	1,196	399
Amortization	797	797
Disposals	-	-
End of year	1,993	1,196
Net Book Value	\$ 1,991	\$ 2,788

THE GRIMSBY PUBLIC ART GALLERY

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

7. Accumulated Surplus

	<u>2023</u>	<u>2022</u>
Operating surplus (deficit)	\$ 166,394	\$ 155,958
Reserve for capital	-	-
Investment in tangible capital assets (Note 15)	1,991	2,788
Unfunded capital lease obligation (Note 4)	(2,476)	(3,191)
	\$ 165,909	\$ 155,555

8. Related party transactions

	<u>2023 Budget</u>	<u>2023 Actual</u>	<u>2022 Actual</u>
Revenues			
Municipal contribution	\$ 285,910	\$ 285,910	\$ 254,600
Expenses			
Utilities	\$ 23,500	\$ 17,105	\$ 15,905

All above transactions are with the Town of Grimsby.

9. Government transfers

	<u>2023 Budget</u>	<u>2023 Actual</u>	<u>2022 Actual</u>
Federal – Digital Access to Heritage & Museums Assistance Program (MAP)	\$ -	\$ 66,030	\$ 19,855
Federal – Young Canda Works	15,000	6,848	11,568
Provincial – Ontario Arts Council	26,970	26,987	26,987
Regional – Niagara Investment in Culture & Niagara Community Foundation	-	-	6,983
	\$ 41,970	\$ 99,865	\$ 65,393

THE GRIMSBY PUBLIC ART GALLERY

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

10. Other Revenue

	<u>2023 Budget</u>	<u>2023 Actual</u>	<u>2022 Actual</u>
Program Fee	\$ 26,000	\$ 20,910	\$ -
Memberships	-	106	318
Education programs	-	-	2,406
Administration Fee	1,500	-	-
Event Fees	-	-	5,908
Sales and Recovery	-	683	-
Art class fees	-	-	24,411
	<u>\$ 27,500</u>	<u>\$ 21,699</u>	<u>\$ 33,043</u>

11. Salaries, wages and benefits

	<u>2023 Budget</u>	<u>2023 Actual</u>	<u>2022 Actual</u>
Salaries and wages	\$ 210,040	\$ 222,099	\$ 190,749
Benefits	52,580	45,263	37,143
	<u>\$ 262,620</u>	<u>\$ 267,362</u>	<u>\$ 227,892</u>

12. Pension Agreements

The Art Gallery makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of the members of its staff. The plan is a defined benefit that specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Employees and employers contribute jointly to the plan.

Since OMERS is a multi-employer pension plan, the Municipality does not recognize any share of the pension plan deficit of \$7.6 billion (2022 - \$6.1 billion deficit) based on the fair market value of the plan's assets, as this is a joint responsibility of all Ontario municipal entities and their employees. Contributions were made in 2023 calendar year at rates from 9.0% to 14.6% depending on the member's designated retirement age and level of earnings. Employer contributions for current and past service are included as an expense in the Statement of Operations. Employer contributions to OMERS for 2023 current and past service was \$ 6,214 (2022 - \$ 9,012) and were matched by employee contributions in a similar amount.

THE GRIMSBY PUBLIC ART GALLERY

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

13. Workplace and Insurance Board (WSIB) future benefits

The Gallery, as a part of the Town, is a schedule II employer under the Workplace Safety & Insurance Act and follows a policy of self-insurance for all its employees.

A Workplace Safety and Insurance Reserve, funded by annual contributions from the Town, has also been established to protect against any unknown future liability. The Town also maintains an insurance policy, which protects the Corporation against single claims in excess of \$500,000.

14. Budget

The budget approved by the Art Gallery Board includes expenditures for tangible capital assets but does not include amortization of tangible capital assets. The following is a reconciliation of the approved budget to that reported on the Statement of Operations.

Budgeted annual surplus	\$	-
Less:		
Transfers to (from) reserves, net		-
Amortization of tangible capital assets		(797)
<u>Budgeted deficit per Statement of Operations</u>	<u>\$</u>	<u>(797)</u>

THE GRIMSBY PUBLIC ART GALLERY

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

15. Financial instruments

The Art Gallery is exposed to various risks through its financial instruments. The following analysis provides a measure of the Art Gallery's risk exposures as at December 31, 2023:

i) Credit risk

Credit risk is the risk of financial loss to the Art Gallery if a debtor fails to pay the amounts owing to the Art Gallery. The Art Gallery is exposed to this risk arising from its receivable.

Accounts receivable is primarily due from government, corporations and individuals. Credit risk is mitigated by the highly diversified nature of the debtors and other customers. The Art Gallery measures its exposure to credit risk based on how long the amounts have been outstanding. There were no changes in exposures to credit risk during the period. The amounts outstanding at year end were as follows:

	2023					Total
	Current	31-60 days	61-90 days	91-120 days	Over 120 days	
Government receivables	\$178,236	-	-	-	-	\$178,236

	2022					Total
	Current	31-60 days	61-90 days	91-120 days	Over 120 days	
Government receivables	\$228,297	-	-	-	-	\$228,297

ii) Liquidity risk

Liquidity risk is the risk that the Art Gallery will not be able to meet all cash outflow obligations as they come due. The Art Gallery mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining adequate cash levels. The following undiscounted cash-flows are required to settle the Art Gallery's financial liabilities within one year \$0 (2022 - \$0).

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.