

Financial Report

The Grimsby Public Art Gallery

December 31, 2022

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THE GRIMSBY PUBLIC ART GALLERY

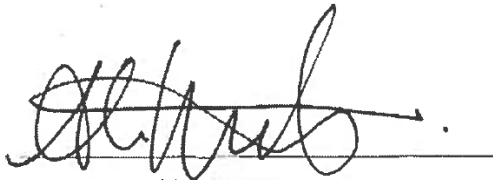
MANAGEMENT’S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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.

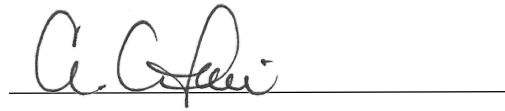
The Gallery’s management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely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



Alexandra Hartstone
Art Gallery Manager/Curator
Corporation of the Town of Grimsby



Angela Cifani, CPA, CGA
Interim Director of Finance/Treasurer
Corporation of the Town of Grimsby

May 23, 2023

Independent Practitioner's Review Engagement Report

Grant Thornton LLP
Suite B
222 Catharine Street, PO Box 336
Port Colborne, ON
L3K 5W1
T +1 905 834 3651
F +1 905 834 5095

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, 2022, 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, 2022, 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.

Port Colborne, Canada
May 23, 2023

Chartered Professional Accountants
Licensed Public Accountants

THE GRIMSBY PUBLIC ART GALLERY

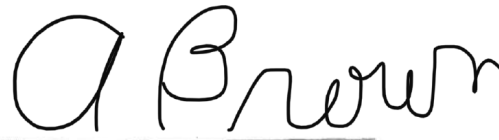
STATEMENT OF FINANCIAL POSITION

As at December 31, 2022

	2022	2021
Financial assets		
Receivable from Town of Grimsby	\$ 228,297	\$ 155,551
Inventory	4,413	4,458
	232,710	160,009
Financial liabilities		
Deferred revenue (Note 3)	76,885	27,231
Capital lease obligation (Note 4)	3,191	3,903
	80,076	31,134
Net financial assets	152,634	128,875
Non-financial assets		
Prepaid expenses	133	270
Tangible capital assets (Note 13)	2,788	3,585
	2,921	3,855
Accumulated surplus (Note 5)	\$ 155,555	\$ 132,730

On behalf of the board





See accompanying notes to the financial statements

THE GRIMSBY PUBLIC ART GALLERY

STATEMENT OF OPERATIONS

For the Year Ended December 31, 2022

	2022 Budget (Note 12)	2022 Actual	2021 Actual
Revenues			
Municipal contributions (Note 6)	\$ 254,600	\$ 254,600	\$ 260,110
Government transfers (Note 7)	42,970	65,393	51,685
Donations	3,000	1,167	4,791
Fundraising	20,000	901	1,584
Giftshop	18,000	12,917	9,373
Other (Note 8)	35,500	33,043	8,645
	374,070	368,021	336,188
Expenses			
Advertising and promotion	2,000	1,437	1,217
Amortization	797	797	947
Conferences and training	700	45	150
Events	30,000	45,566	12,115
Giftshop	6,750	6,846	6,965
Insurance	-	-	4,502
Maintenance and repairs	26,450	23,313	16,074
Memberships	1,400	619	851
Office	9,050	4,870	16,310
Professional fees	4,000	3,641	5,720
Salaries, wages and benefits (Note 9)	250,120	227,892	240,035
Supplies	10,000	7,002	3,171
Travel	5,000	3,122	1,603
Utilities	28,600	20,046	25,516
	374,867	345,196	335,176
Annual surplus (deficit)	(797)	22,825	1,012
Accumulated surplus (Note 5)			
Beginning of year	132,730	132,730	131,718
End of year	\$ 131,933	\$ 155,555	\$ 132,730

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, 2022

	2022 Budget (Note 12)	2022 Actual	2021 Actual
Annual surplus (deficit)	\$ (797)	\$ 22,825	\$ 1,012
Amortization of tangible capital assets	797	797	947
Acquisition of tangible capital assets	-	-	(3,984)
Utilization of prepaid expenses	-	137	133
Increase (decrease) in net financial assets	-	23,759	(1,892)
Net financial assets			
Beginning of year	128,875	128,875	130,767
End of year	\$ 128,875	\$ 152,634	\$ 128,875

See accompanying notes to the financial statements

THE GRIMSBY PUBLIC ART GALLERY

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2022

	2022	2021
Increase (decrease) in cash and cash equivalents		
Operating activities		
Annual surplus	\$ 22,825	\$ 1,012
Non-cash items:		
Amortization of tangible capital assets	797	947
Change in non-cash assets and liabilities:		
Receivable from Town of Grimsby	(72,746)	(15,955)
Inventory	45	1,341
Prepaid expenses	137	133
Deferred revenue	49,654	13,662
	712	1,140
Capital activities		
Acquisition of capital lease	-	(3,984)
Financing activities		
(Repayment) proceeds on capital lease obligation - net	(712)	2,844
Net increase 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, 2022

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 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, 2022

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

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. 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.

(h) Reserves for future expenses

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

THE GRIMSBY PUBLIC ART GALLERY

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

2. Significant accounting policies (continued):

(i) 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.

3. Deferred revenue

	<u>2022</u>	<u>2021</u>
Balance, beginning of the year	\$ 27,231	\$ 13,569
Memberships and donations received during the year	-	169
Grant revenue received during the year	115,155	26,987
Revenue recognized during the year	(65,501)	(13,494)
Balance, end of year	\$ 76,885	\$ 27,231

4. 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>2022</u>	<u>2021</u>
Photocopier	3.1%	2026	\$ 3,191	\$ 3,903

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

2023	\$ 714
2024	779
2025	850
2026	847

(c) Total charges for interest, which are reported on the Statement of Operations in contracted services amounts to \$ 260 (2021 - \$ 19).

THE GRIMSBY PUBLIC ART GALLERY

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

5. Accumulated surplus

	<u>2022</u>	<u>2021</u>
Operating surplus	\$ 155,958	\$ 133,048
Investment in tangible capital assets (Note 13)	2,788	3,585
Unfunded capital lease obligation (Note 4)	(3,191)	(3,903)
	\$ 155,555	\$ 132,730

6. Related party transactions

	<u>2022 Budget</u>	<u>2022 Actual</u>	<u>2021 Actual</u>
Revenues			
Municipal contribution	\$ 254,600	\$ 254,600	\$ 260,110
Expenses			
Utilities	\$ 23,500	\$ 15,905	\$ 21,013
Office	-	-	13,330
Repairs and maintenance	-	-	7,673
	\$ 23,500	\$ 15,905	\$ 42,016

All above transactions are with the Town of Grimsby.

7. Government transfers

	<u>2022 Budget</u>	<u>2022 Actual</u>	<u>2021 Actual</u>
Federal – Museum Assistance Program	\$ -	\$ 19,855	\$ -
Federal – Young Canada Works	15,000	11,568	13,448
Provincial – Ontario Arts Council	26,970	26,987	26,987
Regional – Niagara Investment in Culture & Niagara Community Foundation	-	6,983	11,250
Other	1,000	-	-
	\$ 42,970	\$ 65,393	\$ 51,685

THE GRIMSBY PUBLIC ART GALLERY

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

8. Other revenue

	<u>2022 Budget</u>	<u>2022 Actual</u>	<u>2021 Actual</u>
Sales and commissions	\$ -	\$ -	\$ 296
Memberships	1,500	318	295
Education programs	6,000	2,406	459
Event Fees	4,000	5,908	390
Art class fees	24,000	24,411	7,205
	\$ 35,500	\$ 33,043	\$ 8,645

9. Salaries, wages and benefits

	<u>2022 Budget</u>	<u>2022 Actual</u>	<u>2021 Actual</u>
Salaries and wages	\$ 202,710	\$190,749	\$ 199,051
Benefits	47,410	37,143	40,984
	\$250,120	\$227,892	\$ 240,035

10. Pension agreements

The 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 plan that specifies the amount of 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 \$ 6.1 billion (2021 - \$ 69 million 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 2022 calendar year at rates from 9.0% to 15.8% 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 2022 current and past service was \$ 3,788 (2021 - \$ 9,242) 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, 2022

11. 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.

An actuarial estimate of the future liabilities has been completed and forms the basis for the estimated liability reported in these financial statements. The Gallery remits payments to the WSIB as required to fund disability payments.

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.

12. 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, 2022

13. Tangible capital assets

	<u>2022</u>	<u>2021</u>
Cost		
Beginning of year	\$ 3,984	\$ 5,485
Additions	-	3,984
Disposals	-	(5,485)
End of year	<u>3,984</u>	<u>3,984</u>
Accumulated amortization		
Beginning of year	399	4,937
Amortization	797	947
Disposals	-	(5,485)
End of year	<u>1,196</u>	<u>399</u>
Net book value	<u>\$ 2,788</u>	<u>\$ 3,585</u>