

MacLaren Art Centre

Financial Statements

For the year ended December 31, 2024

MacLaren Art Centre
Financial Statements
For the year ended December 31, 2024

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Tel: 705 726 6331
Fax: 705 722 6588
www.bdo.ca

BDO Canada LLP
300 Lakeshore Drive, Suite 300
Barrie, ON, Canada, L4N 0B4

Independent Auditor's Report

To the Members of MacLaren Art Centre

Qualified Opinion

We have audited the accompanying financial statements of MacLaren Art Centre (the Art Centre), which comprise the statement of financial position as at December 31, 2024, and the statements of operations, changes in fund balances and cash flows 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* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Art Centre as at December 31, 2024, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Art Centre derives revenue from donations and fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Art Centre. Therefore, we were not able to determine whether any adjustments might be necessary to donations and fundraising revenues, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2024 and 2023, current assets as at December 31, 2024 and 2023, and fund balances as at January 1 and December 31 for both the 2024 and 2023 years. Our audit opinion on the financial statements for the year ended December 31, 2023 was modified accordingly because of the possible effects of this limitation in scope.

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 Art Centre 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 audit opinion.

Unaudited Information

We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the schedules on pages 16 and 17 of the Art Centre's financial statements.

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 Art Centre'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 Art Centre or to cease operations, or has no realistic alternative but to do so.



Those charged with governance are responsible for overseeing the Art Centre'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.

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 Art Centre'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 Art Centre'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 the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Art Centre 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, among 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.

Chartered Professional Accountants, Licensed Public Accountants

Barrie, Ontario
April 23, 2025

**MacLaren Art Centre
Statement of Financial Position**

December 31	2024	2023
Assets		
Current		
Cash (note 2)	\$ 107,093	\$ 346,387
Accounts receivable	79,623	25,527
Inventory (note 3)	9,961	11,142
Prepaid expenses	2,324	9,968
	199,001	393,024
Capital Assets, at cost less accumulated amortization (note 4)	476,381	736,936
Permanent Collection (note 5)	100	100
	\$ 675,482	\$ 1,130,060

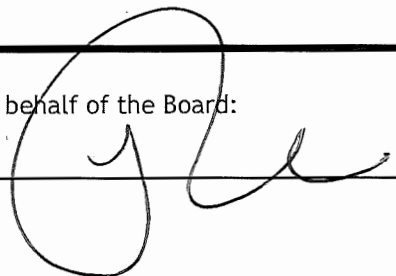
Liabilities and Fund Balances

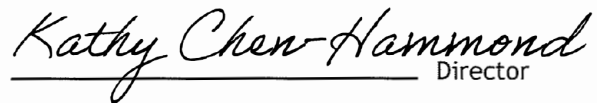
Current		
Accounts payable and accrued liabilities	\$ 76,544	\$ 64,856
Deferred revenue - grants (note 6)	156,016	246,086
Deferred revenue - other (note 7)	14,852	48,594
	247,412	359,536

Commitments (note 8)

Fund Balances		
General fund (deficit)	(48,311)	33,588
Internally restricted - capital fund	476,381	736,936
	428,070	770,524
	\$ 675,482	\$ 1,130,060

On behalf of the Board:

 Director

 Director

MacLaren Art Centre Statement of Operations

For the year ended December 31	2024	2023
Revenues		
Grants		
- City of Barrie	\$ 165,000	\$ 165,000
- Ontario Arts Council	153,901	169,639
- Ontario Trillium Foundation	114,800	127,583
- Canada Council	69,000	69,000
- Community Services Recovery Fund	18,000	53,000
- Department of Canadian Heritage	17,333	12,667
- Young Canada Works	9,842	6,204
- Simcoe County District School Board	3,390	-
Donations and fundraising	805,712	646,486
Retail operations	179,725	207,932
Education program fees	196,635	186,020
	1,733,338	1,643,531
Expenses		
Collection (note 9)	59,926	36,652
Communications and public relations	61,256	61,915
Education (note 10)	40,990	36,838
Exhibition (note 11)	139,146	114,915
Fundraising (note 12)	361,664	397,607
General	97,835	84,860
Professional fees	120,227	67,231
Retail operations	22,643	39,021
Wages, benefits, travel and contracts	911,550	966,709
	1,815,237	1,805,748
Excess of expenses over revenues - General Fund	(81,899)	(162,217)
Grant revenue (capital) - Ontario Trillium Foundation	-	12,617
Amortization of capital assets - leaseholds	(256,866)	(256,865)
Amortization of capital assets - equipment and furnishings	(3,689)	(4,314)
Excess of expenses over revenues - Internally restricted - Capital fund	(260,555)	(248,562)
Total excess of expenses over revenues for the year	\$ (342,454)	\$ (410,779)

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

**MacLaren Art Centre
Statement of Changes in Fund Balances**

For the year ended December 31

2024

2023

	General Fund	Internally Restricted - Capital Fund	Total	Total
Fund Balances, beginning of year	\$ 33,588	\$ 736,936	\$ 770,524	\$ 1,181,303
Excess of expenses over revenues for the year	(81,899)	(260,555)	(342,454)	(410,779)
Fund Balances (Deficit), end of year	\$ (48,311)	\$ 476,381	\$ 428,070	\$ 770,524

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

MacLaren Art Centre Statement of Cash Flows

For the year ended December 31	2024	2023
Cash flows from operating activities		
Excess of expenses over revenues for the year	\$ (342,454)	\$ (410,779)
Adjustment for:		
Amortization of capital assets - leasehold improvements	256,866	256,865
Amortization of capital assets - equipment and furnishings	3,689	4,314
	(81,899)	(149,600)
Changes in non-cash working capital balances:		
Accounts receivable	(54,096)	(5,026)
Inventory	1,181	(3,151)
Prepaid expenses	7,644	(9,968)
Accounts payable and accrued liabilities	11,688	5,617
Deferred revenue - grants	(90,070)	16,447
Deferred revenue - other	(33,742)	4,027
	(239,294)	(141,654)
Cash flows from investing activities		
Purchase of capital assets	-	(12,617)
Net change in cash during the year	(239,294)	(154,271)
Cash, beginning of year	346,387	500,658
Cash, end of year	\$ 107,093	\$ 346,387

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

MacLaren Art Centre Notes to Financial Statements

December 31, 2024

1. Significant Accounting Policies

Nature and Purpose of Organization

MacLaren Art Centre (the "Art Centre") is incorporated without share capital under the Corporations Act (Ontario) as a charitable organization. The Art Centre is a registered charity under the Income Tax Act (Canada) and is exempt from income tax and may issue income tax receipts to donors.

The Art Centre is principally involved in the operation of a public art gallery and relies on financial assistance from all levels of government to achieve a sustainable level of operations.

Basis of Accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The principal estimates used in the preparation of these financial statements are the determination of the allowance for doubtful accounts, inventory valuation and obsolescence, and estimated useful life and valuation of capital assets. Actual results could differ from management's best estimates as additional information becomes available in the future.

Fund Accounting

The Art Centre follows the restricted fund method of accounting for contributions.

The General Fund reports the assets, liabilities, revenues and expenses for the Art Centre's program delivery and administrative activities. This fund reports unrestricted resources, restricted operating grants and internally restricted amounts.

The Internally Restricted - Capital Fund reports the assets, liabilities, revenues and expenses related to the Art Centre's capital assets.

Inventory

Goods held for resale are valued at the lower of cost and net realizable value and accounted for on a first-in, first-out basis. Net realizable value has been determined using the current retail price.

MacLaren Art Centre Notes to Financial Statements

December 31, 2024

1. Significant Accounting Policies (continued)

Capital Assets

Purchased capital assets are recorded at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution. Where fair value cannot be reasonably determined, contributed capital assets are recorded at a nominal amount. Capital assets are amortized over their useful lives on a straight line basis as follows:

Leasehold improvements	-	25 years
Furniture and fixtures	-	5 to 10 years
Computer equipment	-	5 years

Impairment of Long Lived Assets

In the event that facts and circumstances indicate that the Art Centre's long-lived assets may be impaired, a test of recoverability would be performed.

Such a test entails comparing the estimated future undiscounted cash flows associated with the asset to the asset's carrying amount to determine if a write down to market value or discounted cash flow value is required.

For purposes of recognition and measurement of an impairment loss, a long-lived asset is grouped with other assets and liabilities to form an asset group at the lowest level for which identifiable cash flows are largely independent of the cash flows of other asset and liabilities.

The Art Centre considers that no circumstances exist that would require such a test.

Revenue Recognition

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized.

Revenues from membership fees are recognized in the period received. Revenues from program fees are recognized in the period the service is provided. Revenue from retail operations is recognized at the time of sale.

Pledges

Pledges, which represent promises to donate cash, are not recorded as revenue until collected, unless the ultimate collection is reasonably assured.

MacLaren Art Centre Notes to Financial Statements

December 31, 2024

1. Significant Accounting Policies (continued)

Contributed Services and Materials

Contributions of services and materials, excluding the Art Centre's collection, are not recognized in the financial statements due to the inherent difficulty in determining their fair market value.

Permanent Collection

Canadian accounting standards for not-for-profit organizations does not require the capitalization of collections, therefore, the value of the Permanent Collection has been excluded from the statement of financial position, except for a nominal value of one hundred dollars. However, the disbursements for purchased additions are reflected at cost in the statement of operations and fund balances for the general fund.

Financial Instruments

Financial Instruments are recorded at fair value at initial recognition. In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.

2. Cash

The Art Centre's bank accounts are held at one chartered bank. The bank accounts do not earn interest.

The Art Centre has a credit facility agreement with the Bank of Montreal, which provides the Art Centre credit cards with a total limit of \$15,000 and an operating demand loan with a total limit of \$70,000. The operating demand loan bears interest at prime plus 1%. The amount drawn against the operating demand loan at the end of the year was \$NIL (2023 - \$NIL). The credit facility is secured by a general security agreement and assignment of fire/liability insurance on the assets of the Art Centre, and is due on demand. The amount drawn against the credit cards at the end of the year was \$5,442 (2023 - \$2,861) and is included in accounts payable and accrued liabilities.

MacLaren Art Centre Notes to Financial Statements

December 31, 2024

3. Inventory

The total inventory recognized as an expense for the year was \$20,895 (2023 - \$33,037) and has been included in retail operations expense on the statement of operations and fund balance.

4. Capital Assets

	2024		2023	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Leasehold improvements	\$ 6,421,645	\$ 5,971,513	\$ 6,421,645	\$ 5,714,647
Furniture and fixtures	81,393	55,144	81,393	51,455
Computer equipment	33,437	33,437	33,437	33,437
	\$ 6,536,475	\$ 6,060,094	\$ 6,536,475	\$ 5,799,539
Net book value		\$ 476,381		\$ 736,936

5. Permanent Collection

Beginning with the 1987 donation of Ron Baird's Spirit Catcher, the Permanent Collection of MacLaren Art Centre is now comprised of 27,533 works of art that have been acquired through donations and purchases. The Art Centre strives to create a public collection that exemplifies the breadth, diversity and quality of the visual arts. The Permanent Collection includes historical and contemporary paintings, sculpture, drawings, prints, photographs and mixed media works, both Canadian and International.

The Art Centre's Permanent Collection is held in public trust and may not be treated as a realizable asset. Money or compensation received from the de-accessioning and disposal of objects and specimens from an art collection should be used solely for the benefit of the Permanent Collection and for additional acquisitions for that Permanent Collection.

MacLaren Art Centre Notes to Financial Statements

December 31, 2024

6. Deferred Revenue - Grants

The Art Centre received the following grant funding during the year that has not been spent by the end of the year, and as such has been included in deferred revenue - grants.

	2024	2023
Ontario Arts Council Grant - Operating	\$ 153,901	\$ 153,901
Ontario Trillium Foundation		
Resilient Community Fund	-	34,800
Community Services Recovery Fund	-	18,000
Department of Canadian Heritage	-	17,333
Other	2,115	22,052
	\$ 156,016	\$ 246,086

Management is expecting that the above grants will be utilized in operations in the next year. As such, these deferred revenues have been classified as current liabilities.

7. Deferred Revenue - Other

	2024	2023
Deposits on facility rentals	\$ 14,350	\$ 39,150
Deposits and gift certificates	502	9,444
	\$ 14,852	\$ 48,594

**MacLaren Art Centre
Notes to Financial Statements**

December 31, 2024

8. Commitments

The land and building is owned by The Corporation of the City of Barrie and the Art Centre had a 25 year lease which expired December 30, 2023. The lease has continued on a yearly basis with no new agreement signed as of December 31, 2024. The annual lease payments are \$1.

In March 2006, The Corporation of the City of Barrie assumed responsibility for all operating costs for the land and building retroactive to January 1, 2006.

The Art Centre has entered into operating leases for office equipment under agreements expiring in 2025 and 2026, and a consulting agreement expiring in 2025.

The minimum annual lease payments for these commitments over the next two years are as follows:

2025	\$	39,708
2026		<u>1,755</u>
	\$	<u>41,463</u>

9. Collection Expenses

	2024	2023
Evaluations	\$ 22,607	\$ -
Conservation and framing	4,670	3,230
Storage and shipping	13,600	20,678
Research and documentation	19,049	12,744
	<u>\$ 59,926</u>	<u>\$ 36,652</u>

10. Education Expenses

	2024	2023
Artist fees (not included in wages)	\$ 120	\$ 480
Materials and supplies	31,593	24,797
Advertising and promotion	3,436	311
Outreach	5,841	11,250
	<u>\$ 40,990</u>	<u>\$ 36,838</u>

MacLaren Art Centre
Notes to Financial Statements

December 31, 2024

11. Exhibition Expenses

	<u>2024</u>		<u>2023</u>
Artist fees (not included in wages)	\$ 51,174	\$	41,098
Other professional fees	24,854		21,697
Artist travel and accommodation	-		2,975
Presentation	46,276		42,900
Documentation and publication	16,577		6,245
Advertising and promotion	265		-
	<u>\$ 139,146</u>	<u>\$</u>	<u>114,915</u>

12. Fundraising Expenses

	<u>2024</u>		<u>2023</u>
Consulting services	\$ 45,484	\$	165,488
TV bingo cash prizes	131,200		127,400
Black tie expense	88,661		38,170
Other fundraising expenses	96,319		66,549
	<u>\$ 361,664</u>	<u>\$</u>	<u>397,607</u>

MacLaren Art Centre Notes to Financial Statements

December 31, 2024

13. Financial Instruments

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Art Centre is exposed to credit risk arising from its accounts receivable.

The Art Centre is also exposed to credit risk arising from all of its bank accounts being held at one financial institution and deposits are only insured up to \$100,000.

There have not been any changes in the risk from the prior year.

Liquidity Risk

Liquidity risk is the risk that the Art Centre encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Art Centre will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value which is less than what they are worth; or may be unable to settle or recover a financial asset. The Art Centre is exposed to liquidity risk arising from its accounts payable and accrued liabilities.

The Art Centre's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient cash flows to fund its operations and to meet its liabilities when due, under both normal and stress conditions. The Art Centre also maintains certain credit facilities, which can be drawn upon as needed.

There have not been any changes in the risk from the prior year.

MacLaren Art Centre
Schedule of Operations for the
Canadian Arts Data/Données sur les arts au Canada
(Unaudited)

For the year ended December 31	2024	2023
Earned Revenues		
VanGo registration fees	\$ 105,508	\$ 97,050
Workshops and classes	91,127	88,970
Retail operations	179,725	207,932
	<u>376,360</u>	<u>393,952</u>
Private Sector Revenue		
Donations - individual	100,316	101,882
Corporate sponsorships - general	5,000	-
Corporate sponsorships - specific	67,267	20,866
Fundraising	633,129	523,738
	<u>805,712</u>	<u>646,486</u>
Public Sector Revenue		
Canada Council for the Arts	69,000	69,000
Department of Canadian Heritage	17,333	12,667
Ontario Trillium Foundation	114,800	127,583
Ontario Arts Council	153,901	169,639
Community Services Recovery Fund	18,000	53,000
Young Canada Works	9,842	6,204
Municipal	168,390	165,000
	<u>551,266</u>	<u>603,093</u>
Total Revenue - General Fund	\$ 1,733,338	\$ 1,643,531

MacLaren Art Centre
Schedule of Operations for the Canadian Arts Data/Données
sur les arts au Canada (Continued)
(Unaudited)

For the year ended December 31	2024	2023
Artistic Expenses and Salaries		
Artistic fees and artistic salaries	\$ 361,797	\$ 425,106
Artist and professional fees	69,175	47,236
Production and technical services professional fees	7,273	16,779
Exhibition, programming and special projects	66,929	46,564
Professional development	6,242	16,382
Catalogue and documentation	16,577	10,872
Collections management	46,327	15,974
Education	40,072	35,599
	<u>614,392</u>	<u>614,512</u>
Operating Expenses and Salaries		
General facility expenses	54,597	119,679
Collection storage fees	13,599	20,678
Marketing and communications salaries	1,706	1,645
Marketing production fees	61,256	57,288
Fundraising salaries	122,052	45,259
Fundraising events	304,233	215,910
Other fundraising expenses	57,411	181,697
Administrative salaries	389,204	403,444
Administrative professional fees	120,227	67,145
Other administrative expenses	76,560	78,491
	<u>1,200,845</u>	<u>1,191,236</u>
Total Expenses - General Fund	<u>1,815,237</u>	<u>1,805,748</u>
Excess of Expenses over Revenues - General Fund	<u>(81,899)</u>	<u>(162,217)</u>
Public Sector Revenue, Ontario Trillium Foundation - Capital		
Amortization of Capital Assets	-	12,617
	<u>(260,555)</u>	<u>(261,179)</u>
Excess of Expenses over Revenues - Capital Fund	<u>(260,555)</u>	<u>(248,562)</u>
Total Excess of Expenses over Revenues for the Year	<u>\$ (342,454)</u>	<u>\$ (410,779)</u>