

Inuit Art Foundation
Financial Statements
March 31, 2014

INDEPENDENT AUDITOR'S REPORT

To the Members of Inuit Art Foundation

Report on the Financial Statements

We have audited the accompanying financial statements of Inuit Art Foundation, which comprise the statement of financial position as at March 31, 2014, and the statements of revenues and expenditures, changes in net 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 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Inuit Art Foundation as at March 31, 2014 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

The financial statements for the year ended March 31, 2013 were audited by another accounting firm and are presented for comparative purposes only.

London, Ontario
September 26, 2014

MacNeill Edmundson

PROFESSIONAL CORPORATION
CHARTERED ACCOUNTANTS

Authorized to practice public accounting by
the Institute of Chartered Accountants of Ontario

James B. MacNeill CPA, CA Jeremy A. Giles CPA, CA Robert F. Edmundson CPA, CA (Retired)

Inuit Art Foundation
Statement of Financial Position

March 31	Operating Fund	Endowment Fund	2014 Total (\$)	2013 Total (\$)
Assets				
Current Assets				
Cash	155,642		155,642	180,464
Investments (note 3)	200,000		200,000	61,185
HST receivable	25,960		25,960	6,803
Accounts receivable	9,042		9,042	
Due from AANDC (note 6)	57,250		57,250	11,450
Prepaid expenses	16,535		16,535	16,350
	464,429		464,429	276,252
Long-Term Assets				
Endowment fund (note 4)		43,571	43,571	43,571
	464,429	43,571	508,000	319,823
Liabilities				
Current Liabilities				
Accounts payable and accrued liabilities	77,961		77,961	175,870
Due to related parties (note 5)	11,772		11,772	4,505
	89,733		89,733	180,375
Net Assets				
Unrestricted Fund	374,696		374,696	95,877
Endowment Fund (note 4)		43,571	43,571	43,571
	374,696	43,571	418,267	139,448
	464,429	43,571	508,000	319,823

Approved on behalf of the Board:

_____, Chair

_____, Member

Inuit Art Foundation
Statement of Net Assets

March 31	Operating Fund (\$)	Endowment Fund (\$)	2014 Total (\$)	2013 Total (\$)
(Deficiency of)				
Revenue over Expenditure	278,819		278,819	(146,108)
Net Change during the year	278,819		278,819	(146,108)
Net Assets, beginning of year	95,877	43,571	139,448	285,556
Net Assets, end of year	374,696	43,571	418,267	139,448

Inuit Art Foundation

Statement of Operating Fund Revenue and Expenditures

Year ended March 31	2014	2013
	(\$)	(\$)
Revenue		
AANDC Funding (note 6)	458,000	114,500
Donations	81,960	
Magazine income	48,437	33,289
Interest income	1,596	1,223
Endowment income	1,705	1,421
	591,698	150,433
Expenditures		
Consulting fees	76,912	3,750
Travel	76,655	107,862
Advocacy	52,407	
Publishing	28,868	
Accommodations	23,717	30,453
Office expenses	18,402	2,233
Professional fees	10,134	40,987
Board meetings	9,964	12,446
Telephone, internet and website	6,177	10,088
Rent	3,481	5,408
Advertising	1,978	
Interest and bank charges	1,429	250
Dues and subscriptions	1,405	1,649
Insurance	1,350	270
Reorganization costs (note 8)		47,927
Inuit Artists' Gift Shop		32,259
Bad debts		959
	312,879	296,541
Excess (Deficiency) of Revenue over Expenditures	278,819	(146,108)

Inuit Art Foundation
Statement of Cash Flows

Year ended March 31	2014 (\$)	2013 (\$)
Cash Flows From (Used In) Operating Activities		
Excess (deficiency) of revenue over expenditures		
Operating fund	278,819	(146,108)
Items not affecting cash		
Net change in the Endowment Fund		(1,421)
Changes in non-cash working capital		
Accounts receivable	(9,042)	46,141
HST receivable	(19,157)	(19,567)
Due from AANDC	(45,800)	34,350
Inventory		32,202
Prepaid expenses	(185)	(11,415)
Accounts payable and accrued liabilities	(97,909)	(164,534)
Due to related parties	7,267	4,505
	(164,826)	(78,318)
Cash Flows From (Used In) Operating Activities	113,993	(225,847)
Cash Flows From (Used In) Investing Activities		
Proceeds from (acquisition of) operating investments	(138,815)	219,505
Net Increase (Decrease) in Cash During Year	(24,822)	(6,342)
Cash, beginning of year	180,464	186,806
Cash, end of year	155,642	180,464
Cash Represented by:		
Operating fund	155,642	180,464
	155,642	180,464

Inuit Art Foundation

Notes to the Financial Statements

March 31, 2014

Description of Operations

The Inuit Art Foundation (the "Foundation") is a Canadian registered charity formed to provide advocacy on behalf of Inuit artists and to enhance the image and visibility of Inuit art in Canada and abroad. The Foundation also makes itself available as a resource to the Inuit art community and supports measures that enrich the environment in which Inuit artists create. As a registered charity, the Foundation is exempt from income taxes under the *Income Tax Act*.

1. Summary of Significant Accounting Policies

The Foundation uses Canadian accounting standards for not-for-profit organizations in preparing its financial statements and the following describes the more significant policies:

a) Revenue Recognition

The Foundation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets. Investment income earned on endowment assets is unrestricted.

b) Measurement uncertainty

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 and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

2. Financial Instruments

The Foundation's financial instruments consist of cash, term deposits, accounts receivable, due to related parties and accounts payable. Unless otherwise noted, it is management's opinion that the Foundation is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

3. Investments

	2014 (\$)	2013 (\$)
Term deposits - maturing November 22, 2014	200,000	61,185

Investments are comprised of guaranteed investment certificates earning interest at a rate of 1.2%.

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4. Endowment Fund

The Foundation transfers endowment contributions to the Community Foundation of Ottawa ("CFO") which holds and manages the contributions on behalf of the Foundation. CFO distributes net investment income to the Foundation based upon the market performance of the fund. Endowment contributions are not available for operating purposes. Investment income earned on endowment assets are available for operations.

5. Related Party Transactions

At the end of the year, the amounts due to related parties are as follows:

	2014 (\$)	2013 (\$)
Due to Directors	11,714	4,505
Due to AAC	58	
	<u>11,772</u>	<u>4,505</u>

These balances are interest-free, payable on demand and they have arisen from the funding of operating expenses.

6. Government Grant

The Foundation receives funds from Aboriginal Affairs and Northern Development Canada (AANDC). As per the agreement, any funds received in excess of budgeted expenditures are repayable to AANDC, who also has the right to request audits to ensure project expenditures are eligible as outlined in the agreement. Any significant ineligible expenditure may result in the Foundation reimbursing that portion of the funding.

7. Comparative Figures

Some of the comparative figures have been reclassified to conform to the current year's presentation.

8. Reorganization costs

In the prior year, the Foundation ceased operation of the artists' gift shop. The expense incurred in fiscal 2013 includes costs to close the gift shop along with other reorganization related expenditures.
