

Inuit Art Foundation
Financial Statements
March 31, 2015

Inuit Art Foundation
Index to Financial Statements
March 31, 2015

1. Independent Auditors' Report
2. Statement of Financial Position
3. Statement of Net Assets
4. Statement of Revenue and Expenditures
5. Statement of Cash Flows
6. Notes to the Financial Statements
7. Schedule 1 - Inuit Art Quarterly
8. Schedule 2 - Funded Revenue and Expenditures

MACNEILL EDMUNDSON

PROFESSIONAL CORPORATION

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, 2015, 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, 2015 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

London, Ontario
November 16, 2015

MacNeill Edmundson
PROFESSIONAL CORPORATION
CHARTERED PROFESSIONAL ACCOUNTANTS
Authorized to practice public accounting by
the Chartered Professional 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	2015 Total (\$)	2014 Total (\$)
Assets				
Current Assets				
Cash	626,601		626,601	155,642
Investments (note 3)				200,000
HST receivable	10,616		10,616	25,960
Accounts receivable	60,188		60,188	9,042
Due from AANDC (note 7)				57,250
Prepaid expenses	1,045		1,045	16,535
	698,450		698,450	464,429
Long-Term Assets				
Endowment fund (note 4)		48,608	48,608	43,571
	698,450	48,608	747,058	508,000

Liabilities

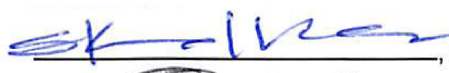

Current Liabilities

Accounts payable and accrued liabilities	84,555		84,555	77,961
Payroll liabilities	10,258		10,258	
Deferred revenue (note 8)	8,496		8,496	
Deferred contributions (note 9)	171,230		171,230	
Due to AANDC (note 7)	3,948		3,948	
Due to related parties (note 5)	4,830		4,830	11,772
	283,317		283,317	89,733

Net Assets

Unrestricted	415,133		415,133	374,696
Restricted (note 4)		48,608	48,608	43,571
	415,133	48,608	463,741	418,267
	698,450	48,608	747,058	508,000

Approved on behalf of the Board:


 _____, Chair

 _____ Member

Inuit Art Foundation
Statement of Net Assets

March 31	Operating Fund (\$)	Endowment Fund (\$)	2015 Total (\$)	2014 Total (\$)
(Deficiency of) Revenue over Expenditures	40,437	5,037	45,474	278,819
Net Change during the year	40,437	5,037	45,474	278,819
Net Assets, beginning of year	374,696	43,571	418,267	139,448
Net Assets, end of year	415,133	48,608	463,741	418,267

Inuit Art Foundation
Statement of Revenue and Expenditures

Year ended March 31	2015 (\$)	2014 (\$)
Revenue		
AANDC Funding (note 7)	467,427	458,000
Magazine income (schedule 1)	113,680	48,437
Donations	68,268	81,960
Unrealized gain on endowment investments	5,037	
Endowment income	3,847	1,705
Interest income	1,384	1,596
	659,643	591,698
Expenditures		
Inuit Art Quarterly (schedule 1)	117,382	28,868
Consulting fees	115,441	76,912
Advocacy	80,770	52,407
Salary and wages	75,516	
Professional fees	63,537	10,134
Travel	46,655	76,655
Accommodations	31,818	23,717
Rent	25,271	3,481
Advertising	20,372	1,978
Board meetings	13,993	9,964
Office	9,152	18,402
Telephone, internet and website	6,858	6,177
Interest and bank charges	4,322	1,429
Insurance	2,582	1,350
Dues and subscriptions	500	1,405
	614,169	312,879
Excess of Revenue over Expenditures	45,474	278,819

Inuit Art Foundation
Statement of Cash Flows

Year ended March 31	2015 (\$)	2014 (\$)
Cash Flows From (Used In) Operating Activities		
Excess of revenue over expenditures		
Operating fund	40,437	278,819
Endowment fund	5,037	
Items not affecting cash		
Unrealized gain on endowment fund investments	(5,037)	
	40,437	278,819
Changes in non-cash working capital		
Accounts receivable	(51,146)	(9,042)
Government remittances	25,602	(19,157)
Due to (from) AANDC	61,198	(45,800)
Deferred revenue	179,726	
Prepaid expenses	15,490	(185)
Accounts payable and accrued liabilities	6,594	(97,909)
Due to related parties	(6,942)	7,267
	230,522	(164,826)
Cash Flows From Operating Activities	270,959	113,993
Cash Flows From (Used In) Investing Activities		
Proceeds from (acquisition of) operating investments	200,000	(138,815)
Net Increase (Decrease) in Cash During Year	470,959	(24,822)
Cash, beginning of year	155,642	180,464
Cash, end of year	626,601	155,642

Inuit Art Foundation

Notes to the Financial Statements

March 31, 2015

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.

The Foundation records magazine revenues on an edition by edition basis provided there is clear evidence that an arrangement exists between the Foundation and the customer, the revenue amount can be reasonably determined and the ability to collect from the customer is reasonably assured.

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, deferred revenue 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.

Inuit Art Foundation

Notes to the Financial Statements

March 31, 2015

3. Investments

	2015 (\$)	2014 (\$)
Term deposits - maturing November 22, 2014		200,000

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

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:

	2015 (\$)	2014 (\$)
Due to Directors	4,772	11,714
Due to AAC	58	58
	4,830	11,772

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

6. Bank Indebtedness

Under the terms of the Foundation's credit agreement, the Foundation has an operating line of credit available to a maximum of \$75,000, bearing interest at 4.55%. At March 31, 2015 there was no balance owing on this facility (2014 - nil).

Inuit Art Foundation

Notes to the Financial Statements

March 31, 2015

7. 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. The AANDC funding consists of the following:

	2015 (\$)	2014 (\$)
Operating funding	458,000	458,000
Igloo tag project funding	65,750	
Fiscal 2014 operating funding clawback	(56,323)	
	467,427	458,000

The following amounts are receivable from (payable to) AANDC:

	2015 (\$)	2014 (\$)
Fiscal 2014 operating funding holdback	45,800	45,800
Fiscal 2013 operating funding holdback		11,450
Fiscal 2014 operating funding clawback	(56,323)	
Igloo tag project funding holdback	6,575	
	(3,948)	57,250

8. Deferred Revenues

Deferred Revenues consists of the following:

	2015 (\$)	2014 (\$)
Deferred magazine subscription revenue	8,496	

9. Deferred contributions

Funds of \$171,230 (\$nil - 2014) have been received in the form of donations which are restricted for the following purposes:

Kenojuak Cultural Centre	162,472
Kenojuak Scholarship Fund	8,758
	171,230

The funds related to the Kenojuak Cultural Centre have been placed in a separate bank account under the Foundation's control.

Inuit Art Foundation
Notes to the Financial Statements

March 31, 2015

10. Commitments:

The Foundation's commitments consists of a property lease and a long term insurance contract. The minimum payments as are follows:

2016	6,615
2017	1,730
	<hr/>
	8,345
	<hr/>

11. Contingencies

Legal actions have been commenced affecting the Foundation. This legal action is expected to cost the Foundation, however a reasonable estimate is not available. As a result no further legal fees or other related costs have been included in these financial statements.

Inuit Art Foundation

Inuit Art Quarterly Revenue and Expenditures

Year ended March 31	2015 (\$)	2014 (\$)
	(four editions)	(one edition)
Revenue		
Magazine advertising	74,730	22,655
Magazine subscriptions	38,950	25,782
	113,680	48,437
Expenditures		
Design	49,756	7,030
Content	47,314	3,750
Printing	17,727	15,830
Distribution	2,585	2,258
	117,382	28,868
Excess of Revenue over Expenditures	(3,702)	19,569

Inuit Art Foundation
Funded Revenue and Expenditures

Year ended March 31	2015 (\$)	2014 (\$)
Revenue		
AANDC Funding (note 7)	467,427	458,000
Expenditures		
Consulting fees	115,441	76,912
Advocacy	80,770	52,407
Salary and wages	75,516	
Professional fees	63,537	10,134
Travel	46,655	76,655
Accommodations	31,818	23,717
Rent	25,271	3,481
Advertising	20,372	1,978
Board meetings	13,993	9,964
Office	9,152	18,402
Telephone, internet and website	6,858	6,177
Interest and bank charges	4,322	1,429
Insurance	2,582	1,350
Dues and subscriptions	500	1,405
	496,787	284,011
Excess of Revenue over Expenditures	(29,360)	173,989