

**FOREST CITY GALLERY  
FINANCIAL STATEMENTS  
MARCH 31, 2022**

(Unaudited - See Review Engagement Report)

## **REVIEW ENGAGEMENT REPORT**

To the Members of  
Forest City Gallery

We have reviewed the accompanying financial statements of Forest City Gallery that comprise the statement of financial position as at March 31, 2022 and statements of changes of net assets, operations, and cash flow 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.

### **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.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Forest City Gallery as at March 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

London, Ontario  
September 24, 2022

**LUNICK & COMPANY CPA PROFESSIONAL CORPORATION**  
Authorized to practice public accounting by Chartered Professional Accountants of Ontario

**FOREST CITY GALLERY**  
(Incorporated without share capital)  
Statement of Financial Position  
As at March 31  
(Unaudited - See Review Engagement Report)

---

**Assets**

	<b><u>2022</u></b>	<b><u>2021</u></b>
Current assets:		
Cash	\$ 14,317	\$ 22,910
Accounts receivable	6,440	2,428
Prepaid expenses	<u>3,370</u>	<u>498</u>
	<u>24,127</u>	<u>25,836</u>
Capital assets (2)	<u>14,993</u>	<u>-</u>
	<b><u>\$ 39,120</u></b>	<b><u>\$ 25,836</u></b>

**Liabilities**

	<b><u>2022</u></b>	<b><u>2021</u></b>
Current liabilities:		
Accounts payable and accrued liabilities	\$ <u>4,476</u>	\$ <u>4,939</u>
Net Assets	<u>34,644</u>	<u>20,897</u>
	<b><u>\$ 39,120</u></b>	<b><u>\$ 25,836</u></b>

Approved on Behalf of the Board:

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

See accompanying notes which are an integral part of these financial statements.

**FOREST CITY GALLERY**  
Statement of Changes in Net Assets  
Year ended March 31  
(Unaudited - See Review Engagement Report)

---

	<u><b>2022</b></u>	<u><b>2021</b></u>
Balance - beginning of the year	\$ <b>20,897</b>	\$ 6,861
Surplus of revenues over expenditures	<u><b>13,747</b></u>	<u>14,036</u>
Balance - end of year	\$ <u><b>34,644</b></u>	\$ <u>20,897</u>

See accompanying notes which are an integral part of these financial statements.

**FOREST CITY GALLERY**  
Statement of Operations  
Year ended March 31  
(Unaudited - See Review Engagement Report)

	<u>2022</u>	<u>2021</u>
Revenues:		
Canada Council for the Arts Grant	\$ 40,000	\$ 40,000
Donations	5,198	7,409
Fundraising and other income	10,175	11,612
London Arts Council Operational Grant	25,000	25,000
Online Public Donations	23,994	-
Lynn Davis Foundation	-	6,036
Ontario Arts Council Operational Grant	<u>25,574</u>	<u>25,574</u>
	<u>129,941</u>	<u>115,631</u>
Expenditures:		
Advertising and printing	1,891	3,705
Amortization	2,646	-
Artistic fees	18,750	18,251
Exhibition expenses	4,002	5,311
Fundraising expenses	288	-
Insurance	3,952	3,076
Office and administration	1,651	2,734
Professional fees	9,711	5,788
Rent and utilities	27,330	18,411
Telephone	338	728
Wages and benefits	<u>45,635</u>	<u>43,591</u>
	<u>116,194</u>	<u>101,595</u>
Surplus of revenues over expenditures	\$ <u><u>13,747</u></u>	\$ <u><u>14,036</u></u>

See accompanying notes which are an integral part of these financial statements.

**FOREST CITY GALLERY**  
Statement of Cash Flow  
Year ended March 31  
(Unaudited - See Review Engagement Report)

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Operating Surplus of for the year	\$ 13,747	\$ 14,036
Items not affecting working capital:		
Amortization of capital assets	2,646	-
Changes in non-cash working capital:		
Accounts receivable	(4,011)	16
Prepaid expenses	(2,873)	(5)
Accounts payable and accrued liabilities	<u>(463)</u>	<u>712</u>
	<u>9,046</u>	<u>14,759</u>
Additions to capital assets	<u>(17,639)</u>	<u>-</u>
Increase (decrease) in cash and cash equivalents during the year	(8,593)	14,760
Cash and cash equivalents, beginning of year	<u>22,910</u>	<u>8,150</u>
Cash and cash equivalents, end of year	\$ <u><u>14,317</u></u>	\$ <u><u>22,910</u></u>
Represented by:		
Cash	\$ <u><u>14,317</u></u>	\$ <u><u>22,910</u></u>

See accompanying notes which are an integral part of these financial statements.

**FOREST CITY GALLERY**  
Notes to the Financial Statements  
March 31, 2022  
(Unaudited - See Review Engagement Report)

---

**Nature of Operations:**

Forest City Gallery (the Corporation) is an artist run centre, founded on artistic autonomy in 1973. The Gallery is committed to excellence in programming, exhibitions and events that reflect and address the recent developments in cultural production. It serves as a forum for local, regional, national and international emergent artists through the presentation of relevant contemporary practices in visual-media arts, performance, literature and music. The Gallery is registered under the Income Tax Act.

**1. Significant Accounting Policies:**

**Basis of Accounting**

The corporation prepares its financial statements in compliance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies used are as follows:

**(a) Cash and cash equivalents:**

The corporation's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that may fluctuate from being positive to overdrawn.

**(b) Revenue recognition:**

Revenue is accounted for when there is persuasive evidence that an arrangement exists, services have been provided, the price has been determined, and collection is reasonably assured.

**(c) Accounting 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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically and are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

**FOREST CITY GALLERY**  
Notes to the Financial Statements - continued  
March 31, 2022  
(Unaudited - See Review Engagement Report)

---

**1. Significant Accounting Policies (cont'd):**

**(d) Property, plant and equipment:**

Not-for-profit organizations with annual revenues less than \$500,000 are not required to record property, plant and equipment and amortize them over their useful lives. Property, plant and equipment purchased in the year are expensed accordingly. The Gallery holds various office furniture and equipment.

**(e) Donated material and services:**

Donated capital and investments are recorded in the financial statements at fair value on the date of the donation. Donated materials and services are not recorded because the fair market value is not readily determinable.

**(f) Accrual basis of accountings:**

Revenue and expenditures are recorded on the accrual basis of accounting under which they are recorded in the financial statements in the period they are earned or incurred respectively, whether or not such transactions have been settled by the receipt of payment of money.

**2. Capital assets**

			<u>2022</u>	<u>2021</u>
	Cost	Accumulated Amortization	Book Value	Book Value
Leasehold Improvements	\$ <u>17,639</u>	\$ <u>2,646</u>	\$ <u>14,993</u>	\$ <u>-</u>
	\$ <u><u>17,639</u></u>	\$ <u><u>2,646</u></u>	\$ <u><u>14,993</u></u>	\$ <u><u>-</u></u>



**FOREST CITY GALLERY**  
Notes to the Financial Statements - continued  
March 31, 2022  
(Unaudited - See Review Engagement Report)

---

**3. Commitments:**

The organization has entered into lease agreements for the rental of the gallery space at 1025 Elias Street London, ON for monthly payments of \$2,200.00 until December 31, 2031.

**4. Financial Instruments**

*Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its long-term debt and accounts payable.

*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 organization's main credit risks relate to its accounts receivable and notes receivable.

*Market risk*

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

*Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates. The company is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed interest rate instruments subject the company to a fair value risk, since fair value fluctuates inversely to changes in market interest rates. Floating interest rate instruments subject the company to related cash flow risk.