

Franklin Carmichael Art Group
Financial Statements
Year Ended May 31, 2025

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Year Ended May 31, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Members of Franklin Carmichael Art Group

Opinion

We have audited the financial statements of Franklin Carmichael Art Group (the "organization"), which comprise the statement of financial position as at May 31, 2025, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at May 31, 2025, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Opinion

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 organization in accordance with 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 opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, 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 organization'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 organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization'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.

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Independent Auditor's Report to the Members of Franklin Carmichael Art Group (*continued*)

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 organization'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 organization'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 organization 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.

Woodbridge, ON
November 25, 2025



Janice Charko Professional Corp.
Authorized to practise public accounting by the
Chartered Professional Accountants of Ontario

Franklin Carmichael Art Group
Statement of Financial Position
May 31, 2025

	2025	2024
ASSETS		
CURRENT		
Cash	\$ 39,518	\$ 38,171
Inventory	500	500
Harmonized sales tax recoverable	2,865	1,357
Prepaid expenses	1,339	1,065
	<u>44,222</u>	41,093
PROPERTY, PLANT AND EQUIPMENT <i>(Note 5)</i>	<u>960</u>	1,037
	<u>\$ 45,182</u>	<u>\$ 42,130</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 1,862	\$ 1,068
Employee deductions payable	-	4,226
Deferred income	5,480	7,055
	<u>7,342</u>	12,349
NET ASSETS		
General fund	35,463	27,327
Capital fund	960	1,037
Internally restricted fund	1,417	1,417
	<u>37,840</u>	29,781
	<u>\$ 45,182</u>	<u>\$ 42,130</u>

ON BEHALF OF THE BOARD

_____ *Director*

_____ *Director*

See accompanying notes to financial statements

Franklin Carmichael Art Group
Statement of Revenues and Expenditures
Year Ended May 31, 2025

	2025	2024
REVENUES		
Class and membership fees	\$ 52,252	\$ 51,675
Summer camp employment grant	16,060	11,277
Fundraising revenue	6,329	3,445
Show and commissions	5,890	3,655
Donation revenue	5,325	5,041
Other grants and funding	274	70
Federal and provincial grants	75	-
Interest income	51	24
Rental income	-	60
	<u>86,256</u>	<u>75,247</u>
EXPENSES		
Teacher fees	20,447	15,503
Wages and benefits	17,177	19,476
Consulting fees	10,221	12,510
Insurance	6,067	4,561
Utilities	5,061	4,600
Repairs and maintenance	4,856	2,738
Show expenses	3,291	2,355
Class supplies	2,680	601
Office	1,755	1,168
Fundraising expense	1,638	824
Interest and bank charges	1,556	1,469
Internet	1,529	1,452
Telephone	1,008	1,088
Accounting fees	733	4,599
Model Fees	100	2,150
Amortization	78	97
Advertising and promotion	-	600
	<u>78,197</u>	<u>75,791</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ 8,059	\$ (544)

See accompanying notes to financial statements

Franklin Carmichael Art Group
Statement of Changes in Net Assets
Year Ended May 31, 2025

	General Fund	Capital Fund	Internally Restricted Fund	2025	2024
NET ASSETS - BEGINNING OF YEAR	\$ 27,327	\$ 1,037	\$ 1,417	\$ 29,781	\$ 30,327
EXCESS OF REVENUES OVER EXPENSES	8,136	(77)	-	8,059	(544)
NET ASSETS - END OF YEAR	\$ 35,463	\$ 960	\$ 1,417	\$ 37,840	\$ 29,783

See accompanying notes to financial statements

Franklin Carmichael Art Group
Statement of Cash Flows
Year Ended May 31, 2025

	2025	2024
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ 8,059	\$ (544)
Item not affecting cash:		
Amortization of property, plant and equipment	78	97
	<u>8,137</u>	<u>(447)</u>
Changes in non-cash working capital:		
Accounts payable	793	(533)
Deferred income	(1,575)	(218)
Prepaid expenses	(274)	(971)
Harmonized sales tax payable	(1,508)	759
Employee deductions payable	(4,226)	4,226
	<u>(6,790)</u>	<u>3,263</u>
INCREASE IN CASH FLOW	1,347	2,816
Cash - beginning of year	<u>38,171</u>	<u>35,355</u>
CASH - END OF YEAR	\$ 39,518	\$ 38,171
CASH CONSISTS OF:		
Cash	<u>\$ 39,518</u>	<u>\$ 38,171</u>

See accompanying notes to financial statements

Franklin Carmichael Art Group
Notes to Financial Statements
Year Ended May 31, 2025

1. PURPOSE OF THE ORGANIZATION

Franklin Carmichael Art Group (the "organization") is a not-for-profit organization incorporated provincially under the Not-for-profit Corporations Act of Ontario. As a registered charity the organization is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

The organization operates to promote the appreciation of art, for the benefit of the general public, is the mission statement of the Franklin Carmichael Art Group Inc. It offers classes and workshops in various mediums, such as watercolour, oil and acrylic. Classes are available for all age groups, including seniors and children. It provides opportunities for its members to display their work at various art shows. It is an Ontario not-for-profit corporation created without share capital and is a registered charity under the Income Tax Act of Canada. ..

2. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). Canadian accounting standards for not-for-profit organizations are part of Canadian GAAP.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Inventory

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

Property, plant and equipment

Property, plant and equipment is stated at cost or deemed cost less accumulated amortization and is amortized over its estimated useful life on a declining balance basis at the following rates and methods:

Artbooks	20%	declining balance method
Artwork	N/A	
Office equipment	20%	declining balance method
Computer hardware	55%	declining balance method
Sign	20%	declining balance method
Shed	20%	declining balance method
Leasehold improvements	20%	straight-line method

The organization regularly reviews its property, plant and equipment to eliminate obsolete items. Government grants are treated as a reduction of property, plant and equipment cost.

Property, plant and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

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Franklin Carmichael Art Group
Notes to Financial Statements
Year Ended May 31, 2025

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Revenue recognition

Franklin Carmichael Art Group follows the deferral method of accounting for contributions.

Franklin Carmichael Art Group recognizes all donations (unrestricted and restricted) as revenue when received.

Income from Fundraising events is recognized as revenue when the event occurs and monies are received.

Class and workshop fees are recognized as revenue when the seminars are held.

Contributed services

Volunteers contribute a significant amount of their time each year. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

Comparative figures

Certain comparative amounts have been reclassified to conform to the current year's presentation.

4. FINANCIAL INSTRUMENTS

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to credit risk from customers. In order to reduce its credit risk, the organization reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The organization has a significant number of customers which minimizes concentration of credit risk.

(b) 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 receipt of funds from its customers and other related sources, long-term debt, obligations under capital leases, contributions to the pension plan, and accounts payable.

(c) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

(d) Additional risk

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant other price risks arising from these financial instruments.

5. PROPERTY, PLANT AND EQUIPMENT

(*continues*)

Franklin Carmichael Art Group
Notes to Financial Statements
Year Ended May 31, 2025

5. PROPERTY, PLANT AND EQUIPMENT *(continued)*

	Cost	Accumulated amortization	2025 Net book value	2024 Net book value
Equipment	\$ 24,655	\$ 24,345	\$ 310	\$ 387
Artwork	650	-	650	650
Artbooks	8,898	8,898	-	-
Leasehold improvements	11,335	11,335	-	-
Shed	3,348	3,348	-	-
Sign	1,438	1,438	-	-
	\$ 50,324	\$ 49,364	\$ 960	\$ 1,037

6. INCOME TAX

Franklin Carmichael Art Centre is exempt from corporate income tax under section 148 of the Income Tax Act.

7. YEAR END AUDIT

The audit for year ended May 31, 2025, was done for no fee.,
