

Annual Report 2014

YES!!! BE AWARE and Respect
OUR Abilities!
CREATIVELY

**H'ART OF OTTAWA ANNUAL REPORT
APRIL 1, 2013 TO MARCH 31, 2014**

LOOKING BACK

It has been another exciting year for all those involved with H'Art of Ottawa ("H'Art"). Our artists have participated in a record amount of shows and exhibitions and H'Art continues to gain respect within Ottawa's artistic community.

As you will see in this Annual Report, despite losing key funding from the United Way, with increases in the number of artists and a small increase to participant fees, H'Art has addressed some of the loss of funding. The Board of Directors continues to work on developing and sustaining a plan that would lead to the long term financial stability of H'Art.

Earlier this summer, some of you may have received an email from H'Art of Ottawa regarding the consent for receiving electronic messages. New privacy legislation prohibits the sending of commercial messages in certain circumstances. As such, we asked all of you to consent in writing so that we may continue to provide you with our newsletters and other important updates. If you have not done so already, please contact the studio to consent so that you may continue to receive our emails.

As always, the strength of H'Art of Ottawa is in the quality of our artists, studio staff and volunteers. The Board of Directors would like to thank everyone for another successful year and their continued support.



Michael Leaver
Chair
Board of H'Art of Ottawa

It has been a landmark year for H'Art Studio, culminating in our artistic collaboration, *Turning the Page*, which included creating a multi-media production with composer/musician Jesse Stewart (performed in May 2014 at the National Arts Centre) and coinciding art shows at Gallery 101 and SAW Gallery. (The show at Gallery 101 also included works of Australian artists from Arts Project Australia, an Australian visual art studio with whom we did an international exchange.)

This unprecedented initiative quickly grew to include and become a partnership with many people and organizations. It was an exciting collaboration of like-minded artists: painters, writers, musicians, curators, directors, film makers, and art centres.

Looking back I can't help but think how fortuitous it was that we all came together in this remarkable way. It was the power of art that brought us together, and we all just happen to be people that set no limits on where art can take us—and take us it did!

Connecting through artistic collaboration is a profound and powerful experience and the artists can attest to that. The entire project was filmed by film maker Andrew Hall as a record and testimony to collaboration and how it advances the potential of people, artists and communities.

Many thanks to all who were involved and to the artists, staff, board, families, and friends who continue to support H'Art.



Lin Rowsell
Executive Director
H'Art of Ottawa

A YEAR IN REVIEW

ART SHOWS

Running of the Blue Shoes

Ottawa Bagelshop and Deli

March 5-April 26, 2013

Nepean Fine Arts League Spring Art Show

April 5-7, 2013

Nepean Fine Arts League supports H'Art as their chosen charitable organization.

Brain and Mental Health Art Show

The Society for Neuroscience
Grounded Kitchen and Coffeehouse

April 19, 2013

H'Art artists: Irene Beck, Henry Hong, Andre Lanthier, Caroline Joannis, and Marika Smart. This event was held in celebration of the beauty and creativity of artistic facets of brain research and mental health. The Society for Neuroscience - Ottawa Chapter is a collection of neuroscientists and students alike, encompassing Carleton University and various hospitals and research facilities in the National Capital.

The New Art Festival

Central Park, the Glebe, Ottawa

June 15 and 16, 2013

H'Art Exhibition at Preston Square

347 Preston Street

August 29, 2014- February 2014

Building Peace Exhibition

Bank of Canada Vault, the Diefenbunker

September 14, 2013- January 31, 2014

Four H'Art artists work was chosen: Caroline Joannis, Marika Smart, Analisa Kiskis, and Jessica Whitney. The Diefenbunker Museum and One World Dialogue (OWD) presented the exhibition: *Building Peace How do we build and create a 'culture of peace' as we move into the future?* Art is a powerful tool to express the human desire for peace. This exhibition explored different perspectives on building peace representing our past, present and a look to our future.

ART SHOWS, CONTINUED

Power of the Arts National Forum

Michaëlle Jean Foundation and Carleton University Faculty of Arts and Social Sciences, Carleton University

September 27, 28 and 29, 2013

H'Art paintings were exhibited. Jesse Stewart presented and talked about the upcoming multimedia collaboration with H'Art.

Nepean Fine Arts League Fall Art Show

Ukrainian Hall

October 11 and 12, 2013

Nepean Fine Arts League supports H'Art as their chosen charitable organization.

Next Stop

Ottawa Bagelshop and Deli

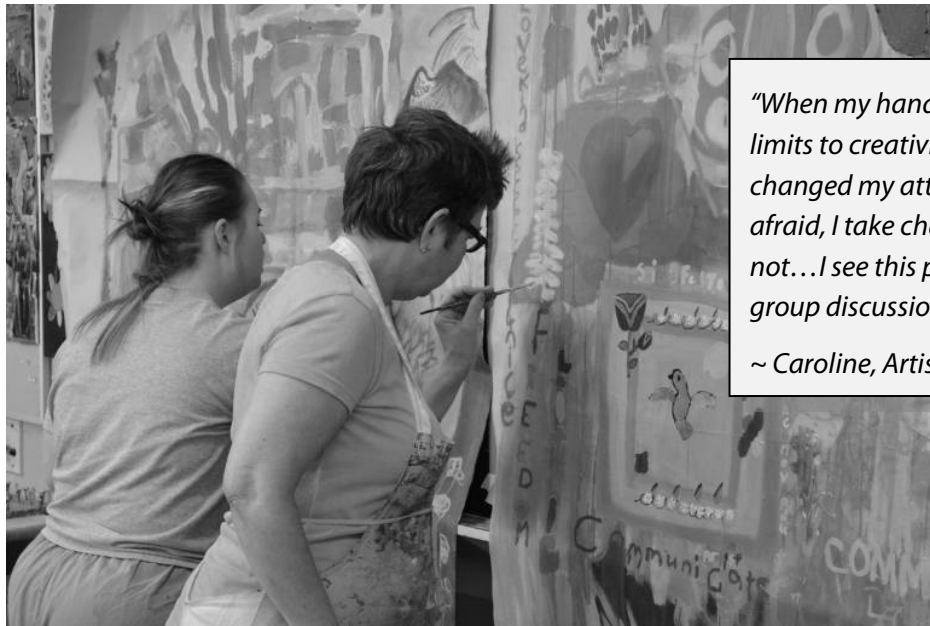
March 10 to May 12, 2014. Opening/Vernissage: March 13, 2014

This was H'Art Studio's tenth show and year at the Bagelshop.

Beck, Johnson, Osborne, Scott, New Ottawa Artist Spotlight, SAW Gallery

March 6 -April 26, 2014

H'Art artist Irene Beck exhibited in a four-man show. Jason St-Laurent curated the show.



"When my hand hits the paint I feel there are no limits to creativity. Some people say that it has changed my attitude...I go to work and I'm not afraid, I take chances that I normally would not...I see this place as a place to belong, group discussions inspire us all."

~ Caroline, Artist

ART SHOWS, CONTINUED

Turning the Page

Gallery 101

March 22-May 3, 2014. Opening: March 22, 2014. (Closing ceremony: May 3, 2014)

Gallery 101's grand re-opening project, *Turning the Page*, was a collaboration between H'Art of Ottawa, Jesse Stewart, Arts Project Australia, Indigenous Cultural Media Innovations, Guerilla magazine, and The National Arts Centre (NAC).

As part of this unprecedented initiative, G101 featured a group exhibition of works on paper by over 50 artists from **H'Art of Ottawa and Arts Project Australia**, two not-for-profit organizations that provide opportunities for people with intellectual disabilities to make art. *Turning the Page* also featured a multi-media musical theatre piece performed by composer/percussionist Jesse Stewart and H'Art of Ottawa artists, at the National Art Centre's 4th Stage.



OTHER EVENTS

Tamir

April 3, 2013

Tamir Director Mike Palmer and film maker Adam Langlois filmed H'Art artist Mike Hinchcliff in the studio for their documentary film.

Propeller Dance

April 22, 2013

H'Art donated three paintings for Propeller Dance's fundraiser.

Composer/ Musician Jesse Stewart

April 24, 2013

Jesse visited the studio to discuss an artistic collaboration with H'Art artists.

DragonFly silent auction at the Ottawa School of Dance

April 27, 2013

H'Art donated a painting for event to raise funds to support their academic and dance programs for children with Down Syndrome.

Michele McMillan

May 3, 2013

Michele visited the studio to collect and catalogue over 400 of Irene's lunch bags, for the art shows at Gallery 101 and SAW Gallery.

Families Matter Co-op Mother of All Craft Fairs

Sandy Hill Community Centre

Saturday, May 4, 2013

Artisans with disabilities or other special needs showcased their talent. H'Art exhibited paintings.

Irish Composer/ Musician Deirdre Gribbon visited H'Art Studio

May 22, 2013

National Arts Centre

May 28, 2013

The National Arts Centre has given H'Art and composer Jesse Stewart the 4th Stage for Turning the Page, our artistic collaboration.

OTHER EVENTS, CONTINUED

Research Study

Ontario Institute for Studies in Education of the University of Toronto (OISE/UT)

May 11, 2013

H'Art participated in a community/university research project to understand the impact of social purpose enterprises on the needs, both social and economic, of marginalized persons who have never been employed or who are transitioning into work after extended periods of unemployment.

Power of the Arts National Forum: Advancing Social Change

Michaëlle Jean Foundation and Carleton University Faculty of Arts and Social Sciences

June 10, 2013

H'Art submitted a proposal and was accepted to exhibit H'Art paintings at the forum, slated for September 27-29, 2013 at Carleton University, Ottawa. Canadian policy makers, academics, community leaders, artists and activists from across Canada gathered to design strategies to enhance the power of the arts to improve the quality of life in disadvantaged Canadian communities.

Dr. Liz Edwards, Rosemount Clinic

June 12, 2013

Dr. Edwards visited the studio and purchased 23 paintings for the clinic.

H'Art's First Business Plan Meeting

June 25, 2013

Curator Jason St. Laurent, SAW Gallery

July 3, 2013

Jason visited the studio to see the art and Irene's lunch bags, meet the artists, and discuss a possible exhibition.

Director/Curator Laura Margita, Gallery 101

July 3, 2013

Laura visited the studio to discuss an art exhibition at Gallery 101.

University of Ottawa accounting student Neil Gangal

July 17, 2013

Neil visited the studio to do a social enterprise research survey.

OTHER EVENTS, CONTINUED

Ottawa Art Gallery

Stephanie Nadeau, Curator of Public, Educational and Community Programs

July 18, 2013

Stephanie visited the studio to discuss a collaboration and art show for fall 2014. H'Art artists will be exhibiting at the Ottawa Art Gallery with paintings from the Firestone Collection.

Composer/ Musician Jesse Stewart

August 7, 2013

Jesse visited the studio to discuss plans for a Spring 2014 collaboration.

Volunteers

Carissa O'Hara, September 2013.

Rachel Gray, September 2013.

Stephanie Nadeau, September 2013.

University of Ottawa CSL Program Placements (Community Services Learning)

Stephanie Laroche, September 2013.

Myriam Boudreault, September 2013.

Composer/ Musician Jesse Stewart and Director/Curator Laura Margita, Gallery 101

September 18, 2013

Visited the studio for to discuss Turning the Page, a H'Art, NAC, and Gallery 101 collaboration.

Rogers Daytime

September 26, 2013

The Nepean Fine Arts League (Fall Art Show) and H'Art were featured. Lin Rowsell showed paintings done by the artists of H'Art of Ottawa and talked about how through the common language of art and self-expression, the artists of H'Art contribute to the community and cultural life of Ottawa.

Unfolding Art Journal editor Mike Levin's art sale

September 28, 2013, Hintonburg

A percentage of the sales of his personal art collection, and donations from others who attended the event, were donated to H'Art, totalling \$1090.

OTHER EVENTS, CONTINUED

Power of the Arts National Forum

Michaëlle Jean Foundation, Carleton University

September 27-29, 2013

H'Art paintings were exhibited and H'Art staff attended. Jesse Stewart presented and talked about our upcoming artistic collaboration.

Ottawa Technical Learning Centre

October 31, 2013

Teacher Roberta Persi visited the studio.

H'Art's AGM and Open House

November 19, 2013

New bylaws reviewed and updated; donation package, sponsorship package and card package created and mailed out.

Fall 2013

H'Art's new Website launched

October 2013

Ottawa Art Gallery

November 22, 2013

H'Art cards were for sale.

Celebration of People Awards

December 3, 2013

H'Art artists Caroline Joanisse was awarded the Artistic Excellence Award.

Turning the Page, an Artistic Collaboration

December 17, 2013

Meeting with composer/musician Jesse Stewart and Director/Curator Laura Margita of Gallery 101.

Turning the Page, an Artistic Collaboration

January 8, 2014

Meeting with composer/musician Jesse Stewart and Director/Curator Laura Margita of Gallery 101, and Curator Jason St. Laurent of SAW Gallery.

OTHER EVENTS, CONTINUED

Composer/Musician Jesse Stewart

January 14, 2014

Jesse's first time in studio to create music with the artists. Film maker Andrew Hall and Matthew Hall filmed the session. Jesse continued to come to the studio weekly for several months working with the artists.

Algonquin College Recreation and Leisure program placement

Dee-Dee Bernard, January 17 - April 2014.

Algonquin College DSW program placement

Ashlie Renaud, January 5 - February 18, 2014.

University of Ottawa CSL Program Placements (Community Services Learning)

Raphaelle Dantica, Jan 22 - end of April 2014.

Gallery 101: H'Art and Jesse Stewart visited G101's new location to view site 51B Young Street

January 29, 2014

Ottawa Art Gallery

February 6, 2014

Shelley Levoy, Manager, Capital Campaign and Development from Ottawa Art Gallery visited the studio.

Curator Jason St. Laurent- SAW Gallery, artist Irene Beck, film maker Andrew Hall

Feb. 13, 2014

Jason interviewed H'Art artist Irene Beck. Andrew filmed SAW Gallery's four-man show February 21, 2014. Irene was one of the four artists that exhibited.

Ottawa Technical Learning Centre

February 14, 2014

Teacher Roberta Persi visited the studio.

Jazz Musician Jane Bunnnett

February 27, 2014

Jazz saxophonist Jane Bunnnett visited the studio with Jesse Stewart. They performed with the artists.

OTHER EVENTS, CONTINUED

Set up Bagelshop show

March 10, 2014

It is our tenth consecutive year exhibiting at the Bagelshop.

Turning the Page, an artistic collaboration meeting at Gallery 101

March 11, 2014

Large brown paper mural was assembled.

Bookbinder Spike Minogue

March 14, 2014

Spike bound the brown paper pages and created a book for the Gallery 101 show.

Gallery 101 Director/Curator Laura Margita visited the studio to interview artists for Turning the Page exhibit

March 13, 14, 17, 18, and 19, 2014

National Arts Centre, Turning the Page tickets

March 26, 2014

Picked up the tickets for *Turning the Page*.

Ottawa Valley Arts Open Studio, Killaloe

March 27, 2014

Director Linda Archibald visited the studio to find out about H'Art.



"...coming to H'Art fulfills my dreams. When I am here I find my love of art...I show my art to the world. It takes me out of my feelings and puts them in my art. My art is special to me. It shows to the public what I am made of and how I express myself."

~ Analisa, Artist

H'ART OF OTTAWA

BOARD OF DIRECTORS, STAFF AND STUDIO VOLUNTEERS 2013-2014

Board of Directors

Michael Leaver–*Chair (current)*
Jennifer McKay–*Chair (previous)*
Alisenne Boxall
Valorie Delorey
Amanda Kuipers-McLean
Claire Leduc
Aziz Nasher
Angie Stockley
Jason Trigger

Staff

Lin Rowsell– *Executive Director, Studio Instructor and Facilitator*
Carmel Whittle–*Studio Coordinator, Studio Instructor and Facilitator*
Elora Hall–*Studio Instructor and Facilitator*
Azucena Rogers–*Studio Instructor and Facilitator*
Cait Gordon–*Administrative Assistant*

Studio Volunteers

Our volunteers are secondary school coop students, students from the University of Ottawa and Carleton University (Community Service Learning Program and Experiential Learning Service Program), Algonquin College students, and people from the community.

Emma Bryans
Rachel Gray
Carissa O'Hara

Stephanie Nadeau,
*Curator of Public, Educational, and Community
Programs, Ottawa Art Gallery*

Placements

Ashlie Renaud, DSW Program, Algonquin College
Dee-Dee Bernard, Recreation and Leisure Program, Algonquin College

CSL/AEC program University of Ottawa

Stephanie LaRoche
Myriam Boudreault
Raphaelle Dantica

DONORS' LIST 2013 – 2014

Thank you to all our donors. We couldn't do it without you!

Friend (\$1 – \$499)

Annastasia Dawson
Anne Muriel Rowsell
Barry Poldolski Associates Inc.
Beth Shepherd
Betty Enright (Collins Barrow)
Carrie Neil (Collins Barrow)
Diane Elie
Doris Beck
Fred and June Smart
Heather Rourke
Irma Fraser
Jeanne Watson
Judith Dunn

Kent Russell
Laura Bruneau
Linda Wilson
Martha Scott
Nepean Fine Arts League
Pamela McCurdy
Paul Rowsell
Regina Traczyk-Jurjonas
Richard Girards
Robert Courcheve
Robin Wint
Teresa Tsang
William Young

Supporter (\$500 – \$999)

Clementine Van Veen
Jennifer Ward
Jim Fletcher
Kathleen Gordon

Malcolm Fletcher and Claire Leduc
National Bank of Canada
Russell Investments Canada

Funder (\$1000 – \$1499)

Angela and William Vanveen
Cavanagh LLP/SRL
CI Investments
Diane Dodds
Mike Levin

Franklin Templeton Investments
Mackenzie Financial Corporation
Norman Beck
Roche Banyan Inc.

Builder (\$1500–\$1999)

Invesco Canada Inc.

United Way Donors

Thank you to our many anonymous and designated United Way donors.

Canada Helps Donors

Thank you to the many of you who used Canada Helps to make memorial, anonymous and regular donations.

SPONSORSHIPS AND COMMUNITY SUPPORTERS

Many thanks to our sponsors and community supporters!

Holiday Card Campaign

Our sincere thanks to all individuals who also have supported our Card Campaign!

Organizations who have also supported H'Art:

CIBC Wood Gundy
CCOC Housing
Cavanagh Williams Conway Baxter
Coldwell Banker
Conrad Language Learning Centre
Low Murchison Radnoff LLP
RBC
Roche Banyan
Services Coordination Ottawa

Gifts in Kind

Ottawa Community Coalition for Literacy—a printer
Richard Racine—new CD player
Bonnie Donovan—resource material



ATTACHMENT 1—FINANCIAL STATEMENTS

**FOR H'ART OF OTTAWA YEAR END:
MARCH 31, 2014**

FINANCIAL STATEMENTS

For

H'ART OF OTTAWA

For year ended

MARCH 31, 2014

INDEPENDENT AUDITOR'S REPORT

To the directors of

H'ART OF OTTAWA

We have audited the accompanying financial statements of H'Art of Ottawa, which comprise the statement of financial position as at March 31, 2014 and the statements of operations and 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.

.../2

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

Basis for Qualified Opinion

In common with many charitable organizations, H'Art of Ottawa derives revenue from the general public in the form of donations and fundraising events, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization. Therefore, we were not able to determine whether any adjustments might be necessary to donation and fundraising revenues, excess of expenses over revenue, for the years ended March 31, 2014 and 2013, current assets as at March 31, 2014 and 2013, and net assets as at April 1 and March 31 for both the 2014 and 2013 years. Our audit opinion on the financial statements for the year ended March 31, 2013 was modified accordingly because of the possible effects of this limitation in scope.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of H'Art of Ottawa as at March 31, 2014 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.

Chartered Accountants
Licensed Public Accountants

Ottawa, Ontario
To be determined.

H'ART OF OTTAWA
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2014

	<u>2014</u>	<u>2013</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 8,762	\$ 13,942
Investments (note 4)	45,423	58,900
Accounts receivable	4,881	3,373
Prepaid expenses	<u>1,325</u>	<u>1,521</u>
	<u>\$ 60,391</u>	<u>\$ 77,736</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (note 5)	\$ 14,310	\$ 9,389
Deferred revenue	<u>750</u>	<u>6,190</u>
	15,060	15,579
NET ASSETS		
Unrestricted	<u>45,331</u>	<u>62,157</u>
	<u>\$ 60,391</u>	<u>\$ 77,736</u>

Approved by the Board:

..... Director

..... Director

(See accompanying notes)

H'ART OF OTTAWA
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2014

	<u>2014</u>	<u>2013</u>
Revenue		
Participant fees	\$ 106,325	\$ 92,875
Donations	22,495	23,198
Sales	10,571	21,298
Interest earned	524	759
Other income	94	636
Grants and other contributions	<u>-</u>	<u>4,000</u>
	<u>140,009</u>	<u>142,766</u>
Expenses		
Salaries, wages and employee benefits	114,379	114,749
Rent	14,391	15,395
Professional fees	8,108	9,512
Profit sharing	4,000	3,870
Postage and printing	4,055	1,472
Office expenses	3,579	5,015
Insurance	2,650	2,746
Art and general supplies	2,242	3,081
Telecommunication	1,235	1,101
Miscellaneous	440	464
Bank charges	254	260
Event and public affairs	<u>1,502</u>	<u>2,955</u>
	<u>156,835</u>	<u>160,620</u>
Excess of expenses over revenue	(16,826)	(17,854)
Net assets, beginning of year	<u>62,157</u>	<u>80,011</u>
Net assets, end of year	<u>\$ 45,331</u>	<u>\$ 62,157</u>

(See accompanying notes)

H'ART OF OTTAWA
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2014

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of expenses over revenue	\$ (16,826)	\$ (17,854)
Changes in non-cash working capital components:		
Investment income reinvested	<u>(524)</u>	<u>(759)</u>
	(17,350)	(18,613)
Changes in the level of:		
Accounts receivable	(1,508)	828
Prepaid expenses	196	1,020
Accounts payable and accrued liabilities	4,921	(2,378)
Deferred contributions	-	(2,500)
Deferred revenue	<u>(5,440)</u>	<u>5,640</u>
	<u>(19,181)</u>	<u>(16,003)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	<u>14,001</u>	<u>-</u>
DECREASE IN CASH	(5,180)	(16,003)
CASH AT BEGINNING OF YEAR	<u>13,942</u>	<u>29,945</u>
CASH AT END OF YEAR	<u>\$ 8,762</u>	<u>\$ 13,942</u>

(See accompanying notes)

H'ART OF OTTAWA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2014

1. NATURE OF OPERATIONS

H'Art of Ottawa is a unique and innovative art studio where self-expression and a sense of place are encouraged and celebrated for people with developmental disabilities. Through the common language of art and self-expression, the artists of H'Art of Ottawa contribute to the community and the cultural life of Ottawa. On June 3, 2005, H'Art of Ottawa was incorporated under the Canada Corporation Act as a not-for-profit organization without share capital.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The organization prepares the financial statements in accordance with Canadian accounting standards for not-for-profit organizations.

Revenue recognition

H'Art of Ottawa follows the deferral method of accounting for contributions which include grants and donations. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

a) Participant fees

Participant fees are recognized as revenue as the courses are completed.

b) Sales

Art sales are recognized as revenue when the sales occur.

Capital assets

Capital assets are recorded as expenses on the statement of operations in the year they are purchased. The organization did not purchase any capital assets in the year.

Use of estimates

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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Financial instruments

i) Measurement of financial instruments

The organization initially measures its financial assets and financial liabilities at fair value and subsequently re-measures them at cost or amortized cost at the year-end date.

ii) Transaction costs

Transaction costs associated with the acquisition and disposal of investments are capitalized to the acquisition costs or reduce proceeds of disposal.

H'ART OF OTTAWA
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2014

3. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the organization's risk exposure and concentrations at March 31, 2014.

The organization does not use derivative financial instruments to manage its risks.

Credit risk

The organization is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. The organization's maximum exposure to credit risk represents the sum of the carrying value of its cash, investments and its accounts receivable. The organization's cash and investments are deposited with a Canadian chartered bank and as a result management believes the risk of loss on these items to be remote. The organization manages its credit risk by reviewing accounts receivable aging monthly and following up with outstanding amounts. Management believes that all amounts receivable at year end will be collected.

Liquidity risk

Liquidity risk is the risk that the organization cannot meet a demand for cash or fund its obligations as they become due. The organization meets its liquidity requirements by preparing and monitoring detailed forecasts of cash flow from operations, anticipating investing and financing activities and holding assets that can be readily converted into cash.

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 is comprised of currency risk, interest rate risk and other price risk.

i) Currency risk

Currency risk refers to the risk that the fair value of instruments or future cash flows associated with the instruments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates.

The organization's financial instruments are all denominated in Canadian dollars and it transacts primarily in Canadian dollars. As a result, management does not believe it is exposed to significant currency risk.

ii) Interest rate risk

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates.

The organization's exposure to interest rate risk arises from its investments. The organization's investments include amounts on deposit with financial institutions that earn interest at market rates.

H'ART OF OTTAWA
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2014

3. FINANCIAL INSTRUMENTS - Cont'd.

iii) Other price risk

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments traded in the market. The organization is not exposed to other price risk.

Changes in risk

There have been no changes in the organization's risk exposures from the prior year.

4. INVESTMENTS

The organization has invested in a B2B Trust High Interest Investment Account to earn a sufficient investment return while ensuring that the capital is preserved.

5. GOVERNMENT REMITTANCES PAYABLE

Included in accounts payable and accrued liabilities are \$3,053 in government remittances payable.

6. ART INVENTORY

The art inventory of the artists of H'Art of Ottawa has not been presented in these financial statements due to the difficulty in accurately valuating the inventory.

7. LEASE COMMITMENT

The organization has signed a lease for its premises which requires monthly payments totaling \$12,669 annually and expires December 31, 2014.