



Annual Report 2015

h'Art
OF OTTAWA
UPSTREAM STUDIO

**H'ART OF OTTAWA-UPSTREAM STUDIO
ANNUAL REPORT
APRIL 1, 2014 TO MARCH 31, 2015**

LOOKING BACK

It is once again a privilege to report on another successful year for H'Art of Ottawa – Upstream Studio ("H'Art"). It has been another year filled with several successful shows and continued accolades for our artists. One notable event was the grand premiere of the H'Art documentary "Turning the Page" directed by Andrew Hall.

With regards to the operational aspects of H'Art, we are pleased to report on two exciting developments for the long-term financial stability of H'Art.

First, for the first time in a number of years, revenues have risen and expenses have decreased leaving H'Art with a financial surplus for the fiscal year ending March 31, 2015. This surplus helps address the deficit from previous years.

Second, you may have already read about our Endowment Campaign which has been a very exciting development for H'Art. H'Art has been given the opportunity to cement its long-term financial stability through the creation of a legacy endowment. If you haven't already contributed, or would like to learn more, please visit our website.

You may have also noticed our increased social media presence. Make sure to check us out using the following:

New and improved Website: hartofottawa.ca

- Facebook Page: facebook.com/HArt-of-Ottawa
- Twitter: @HArtStudioOtt
- Instagram: @hartofottawa

We are particularly excited about our move to Instagram. What better way to show the public what our artists are up to on a daily basis.

The Board would like to thank its loyal and dedicated patrons for their continued financial support and the tireless efforts of Lin and the staff at H'Art. We all look forward to serving H'Art during the upcoming year.

Sincerely,



Michael Leaver
Chair
Board of H'Art of Ottawa

This was a full and rich year of collaboration and exposure. Here are just some of the highlights:

- Our National Arts Centre, multi-media arts performance/production *Turning the Page* collaboration with composer/musician Jesse Stewart, coinciding with shows at SAW Gallery and Gallery 101.
- H'Art's *Turning the Page* documentary created and directed by film maker Andrew Hall, and its debut at the Mayfair Theatre.
- Our panel presentation at the *Power of the Arts National Forum* on our collaboration, *Turning the Page*, which included myself, artists Jessie Huggett and Debbie Ratcliffe, composer/musician Jesse Stewart, Director/Curator of Gallery 101 Laura Margita, and film maker Andrew Hall.
- *Open Spaces*, a show at the Ottawa Art Gallery that nine H'Art artists co- curated with OAG Curator of Public Engagement, Stephanie Nadeau. The artists exhibited their work along with paintings by Canadian icons A.Y. Jackson, Marian Scott, Norval Morrisseau, Lawren Harris, and others, which they chose from the Firestone Collection.
- *Arts in Health conference* at the Ottawa Hospital, where I presented along with nationally respected artist/activist Jeff Nachtigall. The focus was on the powerful impact art has to change lives.
- The work of artist Irene Beck featured at SAW Gallery was "the most unlikely and uplifting work of art in Ottawa this year" according to Ottawa Citizen arts editor Peter Simpson (the Big Beat).

And finally, we have been given a most generous and exciting opportunity to establish an endowment fund for H'Art. A family has kindly bestowed \$30,000 to H'Art and has challenged us to match funds up to \$50,000. This would ensure financial security and stability. We turn to all of you to help us achieve this goal.

Thank you to the artists, staff, board, families and friends for all of your generous and ongoing support!



Lin Rowsell
Executive Director
H'Art of Ottawa

A YEAR IN REVIEW

ART SHOWS

Next Stop

Ottawa Bagelshop and Deli

March 10–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, curated by SAW Curator, Jason St. Laurent.

Open Spaces

Ottawa Art Gallery

September 13, 2014–January 4, 2015

Open Spaces featured nine painters from H'Art of Ottawa—a studio that supports the creative practice of artists with developmental disabilities—responding to their choice of artworks from the Firestone Collection of Canadian Art (famed Canadian artists, such as A.Y. Jackson, Marian Scott, Norval Morrisseau, and Lawren Harris). This exhibition was co-curated with OAG Curator of Public Engagement, Stephanie Nadeau. It offered open spaces of interpretation and emphasized the importance of broadening the vital research function of this public art collection to reflect a wide spectrum of perspectives and interests.

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 Arts Centre's 4th Stage.

ART SHOWS, CONTINUED

Turning the Page

National Arts Centre, 4th Stage
Wednesday, April 30, 2014 7:30 p.m.

A unique and exciting multi-media musical theatre presentation performed by composer/percussionist Jesse Stewart and H'Art of Ottawa artists.

Turning the Page was one facet of an exciting new partnership between H'Art of Ottawa, the National Arts Centre 4th Stage, Gallery 101, and Jesse Stewart (www.jessestewart.ca), Juno award-winning percussionist, composer, improviser, artist, instrument builder, and educator dedicated to reimagining the spaces between artistic disciplines and to building communities through inclusive art and music making. *Turning the Page* combined stunning visual imagery and poetry by H'Art of Ottawa participants with music performed by the artists in collaboration with Jesse.



Breaking Barriers

The Diefenbunker: Canada's Cold War Museum
September 20, 2014 – January 31, 2015

H'Art Artists created two 4'x6' collaborative works of art that were exhibited in Breaking Barriers exhibition at the Diefenbunker. This exhibition was presented by the Diefenbunker and One World Dialogue.

Power of the Arts National Forum- Turning the Page presentation- November 9, 2014

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

The featured panel presentation at the Power of the Arts National Forum at Carleton University, Ottawa, on 9 November 2014, was given by H'Art of Ottawa director Lin Rowsell, artists Debbie Ratcliffe and Jessie Huggett, Director / Curator of Gallery 101 Laura Margita, musician and artist Jesse Stewart and cinematographer Andrew Hall. This presentation was about the *Turning the Page* Collaboration, and included a music and dance performance by Jesse Stewart and Jessie Huggett. The Power of the Arts National Forum was sponsored by the Michaëlle Jean Foundation and Carleton University's Faculty of Arts and Social Science.

ART SHOWS, CONTINUED

Big Beat: 10 best pieces of art I saw in Ottawa in 2014

PETER SIMPSON - THE BIG BEAT

Published on: December 23, 2014

"Of the many works of art that I saw in the Ottawa area in 2014, these 10 were my favourites, for various reasons.

Lunch bags, by Irene Beck, at SAW Gallery, March: The most unlikely and uplifting work of art in Ottawa this year was in SAW Gallery's New Artist Showcase. Irene Beck, an adult with Down Syndrome, eats a brown-bag lunch each day and then draws and writes on the bag. Arranged together on a wall — approximately 200 of them — they are dada-esque, and delightful proof that art can come from anyone".

The Second Annual Medical Student Art show

Atrium of Roger Guindon Hall, University of Ottawa

February 19th, 2015

Tree of Life: H'Art artists created work that was included in this show.

The Medical Student Art show, hosted by the University of Ottawa, allowed students to indulge their creative side as a way to enhance their wellbeing. This year's theme of growth was a symbol of personal movement through life. From birth until death, our worlds are filled with an array of experiences, events that shape our personality and path through life.

"As medical students we are encouraged, with every patient encounter, to find an area we can grow in whether it be in knowledge, experience, or through our careers. Growth therefore, holds a special place in medicine and is an essential ingredient to delivering good healthcare in our society."

H'Art of Ottawa documentary at the Mayfair Theatre

MAYFAIR THEATRE

Wednesday March 4, 2015, 7pm

This was the grand premiere of the H'Art documentary, *Turning the Page*, directed by Andrew Hall, at the Mayfair theatre. There was an After Party at the *House of Targ*, following the screening.

Three Ottawa-produced documentaries provided different perspectives on looking inwards and outwards to make a positive change in the world, as part of the *Thinking globally, created locally* film project.

- *Turning the Page* at H'Art of Ottawa, directed by Andrew Hall—for over a decade, H'Art of Ottawa has been a studio in downtown Ottawa where artists with disabilities explore visual art and creative writing. Last April, the 40+ artists at H'Art collaborated with musician and artist Jesse Stewart to present a multimedia performance at the National Arts Centre's 4th Stage. Produced by Ottawa filmmaker Andrew Hall, *Turning the Page* at H'Art of Ottawa, is about the four-month long collaborative creative process that led to the performance.
- *A Sacred River*, directed by Jennifer Macklem and Sajan Sindhu—a collaboration between artists in India and a team from the University of Ottawa, *A Sacred River* is a poignant film about the Ganges, a sacred river that millions depend on for sustenance that is also under serious threat from industrial pollution.

ART SHOWS, CONTINUED

- *Secret War*, directed by Emanuela Campanella, Shannon Lough, Sarah Turnbull, Fangliang Xu—Canadian soldiers who served in Afghanistan now face a higher risk of dying from suicide than physical injuries from the battlefield. *Secret War*, a student-produced documentary from the School of Journalism at Carleton University, examines the impact of Post Traumatic Stress Disorder (PTSD) on war veterans and showcases an innovative project that is using horses to help veterans deal with the traumas of war.

All profits from the screening of these three films went to support the War Horse Project, H'Art of Ottawa, and emerging filmmakers in India.

Rabbit Hole

Ottawa Bagelshop and Deli
March-June 2015



OTHER EVENTS

Ottawa Art Gallery Firestone Collection

Ottawa Art Gallery
April 10, 2014

H'Art artists visited OAG to see paintings in the vaults that are part of the Firestone Collection. Each artist chose paintings from the collection, to be exhibited with their own at the upcoming Open Spaces show. Art Gallery curator, Stephanie Nadeau visited the studio for months, working with the artists, and together they co-curated the show.

Turning the Page Rehearsal

Bronson Centre Auditorium
Sunday, April 27

Turning the Page Dress Rehearsal

National Arts Centre
Wednesday, April 30, 4th Stage

CBC TV Sandra Abma did a piece on the production about Jesse Stewart and the H'Art artists.

CHUO radio interview by Mitchell Caplan, featured artist Declan Caplan and Director Lin Rowsell.

Turning the Page at the National Arts Centre, 4th Stage

National Arts Centre, 4th Stage
Wednesday, April 30, 2014 7:30 p.m.

A unique and exciting multi-media musical theatre presentation performed by composer/percussionist Jesse Stewart and H'Art of Ottawa artists. This performance was part of the *Turning the Page* collaboration.

University of Ottawa

H'Art of Ottawa–Upstream Studio
May and June, 2014

Five third-year medical students did their family medicine rotation at our studio.

Royal Ottawa Golf Club- Scotia Mcleod event

Royal Ottawa Golf Club
June 4, 2014

Gordon Harrison of Gordon Harrison Gallery exhibited work and created a painting. Director Lin Rowsell was a guest representing H'Art of Ottawa. Half of the proceeds from the auction of paintings were donated to H'Art Studio.

Deifenbunker: Breaking Barriers

H'Art of Ottawa–Upstream Studio
June 11, 2014

Founder/President, One World Dialogue Rohini Bhalla and the Education Manager at the Diefenbunker visited the studio to discuss the work for the upcoming show in the fall. Artists created a wall/graffiti work for the show.

OTHER EVENTS, CONTINUED

Arts in Health Conference

Ottawa Hospital and Rehab Centre
June 20, 2014

Saskatoon artist-activist Jeff Nachtigall and special guests: local artist, Karen Bailey, H'Art Executive Director Lin Rowsell, and Ottawa Art Gallery Director of Public, Educational and Community Programs, Veronique Couillard and Stephanie Nadeau presented. This conference was relevant to people who work with children, adults, seniors and individuals living with disabilities in hospital, residential, long term care, and community settings.

Mixed Bag Mag

A magazine for the 21st century: New Culture for a New World. Curating content for 21st century minds: featuring change agents and cultural provocateurs who recognize that as we share our diverse narratives we build bridges that close ideological gaps.
October 16, 2014

H'Art artists were interviewed for an online article.

Lynn Bloom, Adjunct Professor, Department of Innovation in Medical Education, University of Ottawa

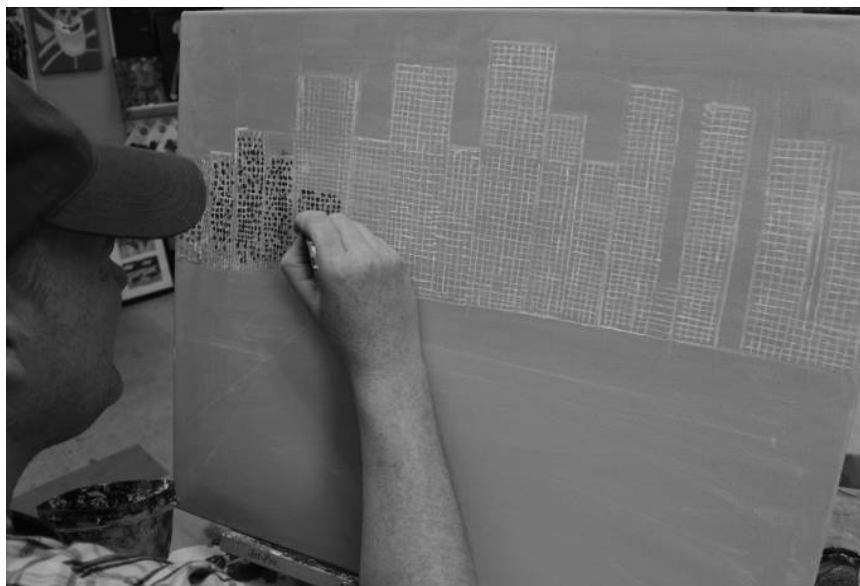
January 13, 2015

Lynn Bloom visited the studio to talk to the artists about a collaboration for the Tree of Life art installation.

Space to Grow: Endowment Challenge

March 2015

H'Art Studio has been kindly bestowed a one-time, unprecedented opportunity to set in place a financial foundation that will provide us with a secure financial position from which we can serve the artists long term. A generous family is challenging donors to come forward, and will match donations up to a total of \$50,000 to help establish an Endowment Fund for H'Art of Ottawa. Upon achieving this goal—and we are determined to do so—the \$100,000 will be invested with Community Foundation Ottawa.



OTHER EVENTS, CONTINUED

Community Foundation

H'Art of Ottawa–Upstream Studio
March 23, 2015

H'Art Directors met with Dan Brunette to discuss setting up an endowment fund with Community Foundation.

Saturday Social

H'Art of Ottawa–Upstream Studio
March 14, 2015

Fifteen adults with developmental disabilities from the Saturday Social Program at McNabb Community Centre visited the studio for a tour.

OCDSB Youth Philanthropy Program

H'Art of Ottawa–Upstream Studio
March 25, 2015

West Carleton High School student, Addy Strickland visited the studio to research for a project on H'Art of Ottawa, for an OCDSB Youth Philanthropy program.



H'ART OF OTTAWA

BOARD OF DIRECTORS, STAFF AND STUDIO VOLUNTEERS 2014–2015

Board of Directors

Michael Leaver–*Chair (current)*

Alisenne Boxall

Claire Leduc

Jennifer McKay

Stephanie Nadeau

Angie Stockley

Jason Trigger

Staff

Lin Rowsell– *Executive Director, Studio Instructor and Facilitator*

Carmel Whittle–*Studio Coordinator, Studio Instructor and Facilitator*

Eliora 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.

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

Catherine Brule

Placements

Dee-Dee Bernard–*Recreation and Leisure Program, Algonquin College*

Aisha Gauvin–*DSW Program, Algonquin College*

Raphaelle Dantica–*CSL/AEC program University of Ottawa*

DONORS LIST 2014 – 2015

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

Friend (\$1 – \$499)

Adam Meisner
Brandes Investment Partners & Co.
Butch and Orlene Whitlaw
Carol Upton
Cheryl Ward
Diane Elie
Diane Simpson
Doris Beck
Dorothy Farrel
Gina Taggart-Budde
Joan Laurin
Judith Dunn
June and Fred Smart
Marena Charron

Martha C. Scott
Matthew Bol
Mike Gifford
Nepean Fine Arts League
Nicole Finn
Open Concept Consulting
Padolsky Architects
Pamela McCurdy
Paul Rowsell
Peggy Aitchin
Rita Burke
Shirley Ann Mahon
Tamara Baird
Theresa Laundry

Supporter (\$500 – \$999)

Banque Nationale
Bruce and Kathleen Gordon
CIBC Asset Management Inc.
Franklin Templeton Investments

Gordon Harrison Landscape Gallery
James Fletcher
Jennifer Ward
Robert and Shirley Garrow

Funder (\$1000 – \$1499)

Clementine Van Veen
William and Angela Vanveen

Builder (\$1500–\$1999)

Mackenzie Financial Corporation
RBC Foundation
CI Investments

Builder (\$2000+)

Invesco Canada Ltd.

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 that have also supported H'Art:

Conway Baxter Wilson

Low Murchison Radnoff LLP

CIBC Wood Gundy



ATTACHMENT 1—FINANCIAL STATEMENTS

**FOR H'ART OF OTTAWA YEAR END:
MARCH 31, 2015**

FINANCIAL STATEMENTS

For

H'ART OF OTTAWA

For year ended

MARCH 31, 2015

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, 2015 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, 2015 and 2014, current assets as at March 31, 2015 and 2014, and net assets as at April 1 and March 31 for both the 2015 and 2014 years. Our audit opinion on the financial statements for the year ended March 31, 2014 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, 2015 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 Professional Accountants
Licensed Public Accountants

Ottawa, Ontario
November 24, 2015.

H'ART OF OTTAWA
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2015

	<u>2015</u>	<u>2014</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 11,220	\$ 8,762
Investments (note 4)	46,072	45,423
Accounts receivable	6,682	4,881
Prepaid expenses	<u>1,325</u>	<u>1,325</u>
	<u>\$ 65,299</u>	<u>\$ 60,391</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 8,087	\$ 14,310
Deferred revenue	<u>50</u>	<u>750</u>
	8,137	15,060
NET ASSETS		
Unrestricted	<u>57,162</u>	<u>45,331</u>
	<u>\$ 65,299</u>	<u>\$ 60,391</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, 2015

	<u>2015</u>	<u>2014</u>
Revenue		
Participant fees	\$ 117,995	\$ 106,325
Donations	21,088	22,495
Sales	16,765	10,571
Interest earned	649	524
Other income	<u>322</u>	<u>94</u>
	<u>156,819</u>	<u>140,009</u>
Expenses		
Salaries, wages and employee benefits	106,511	114,379
Rent	13,467	14,391
Professional fees	9,105	8,108
Profit sharing	2,000	4,000
Postage and printing	2,935	4,055
Office expenses	4,625	3,579
Insurance	2,458	2,650
Art and general supplies	2,273	2,242
Telecommunication	1,252	1,235
Miscellaneous	254	440
Bank charges	108	254
Event and public affairs	<u>-</u>	<u>1,502</u>
	<u>144,988</u>	<u>156,835</u>
Excess of revenue over expenses (expenses over revenue)	11,831	(16,826)
Net assets, beginning of year	<u>45,331</u>	<u>62,157</u>
Net assets, end of year	<u>\$ 57,162</u>	<u>\$ 45,331</u>

(See accompanying notes)

H'ART OF OTTAWA
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2015

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenue over expenses (expenses over revenue)	\$ 11,831	\$ (16,826)
Changes in non-cash working capital components:		
Investment income reinvested	<u>(649)</u>	<u>(524)</u>
	11,182	(17,350)
Changes in the level of:		
Accounts receivable	(1,801)	(1,508)
Prepaid expenses	-	196
Accounts payable and accrued liabilities	(6,223)	4,921
Deferred revenue	<u>(700)</u>	<u>(5,440)</u>
	<u>2,458</u>	<u>(19,181)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	<u>-</u>	<u>14,001</u>
INCREASE (DECREASE) IN CASH	2,458	(5,180)
CASH AT BEGINNING OF YEAR	<u>8,762</u>	<u>13,942</u>
CASH AT END OF YEAR	<u>\$ 11,220</u>	<u>\$ 8,762</u>

(See accompanying notes)

H'ART OF OTTAWA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015

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 Part II of the Canada Corporation Act and on September 3, 2014, continued under the Canada Not-for-profit Corporations Act. The organization is exempt from income taxes and is a registered charity.

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.

i) Participant fees

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

ii) 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 purchased a computer in the year for \$602.

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, 2015

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, 2015.

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.

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.

H'ART OF OTTAWA
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2015

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. 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.

6. LEASE COMMITMENT

The organization has signed a lease for its premises which requires monthly payments totaling \$12,993 annually and expires December 31, 2015.