

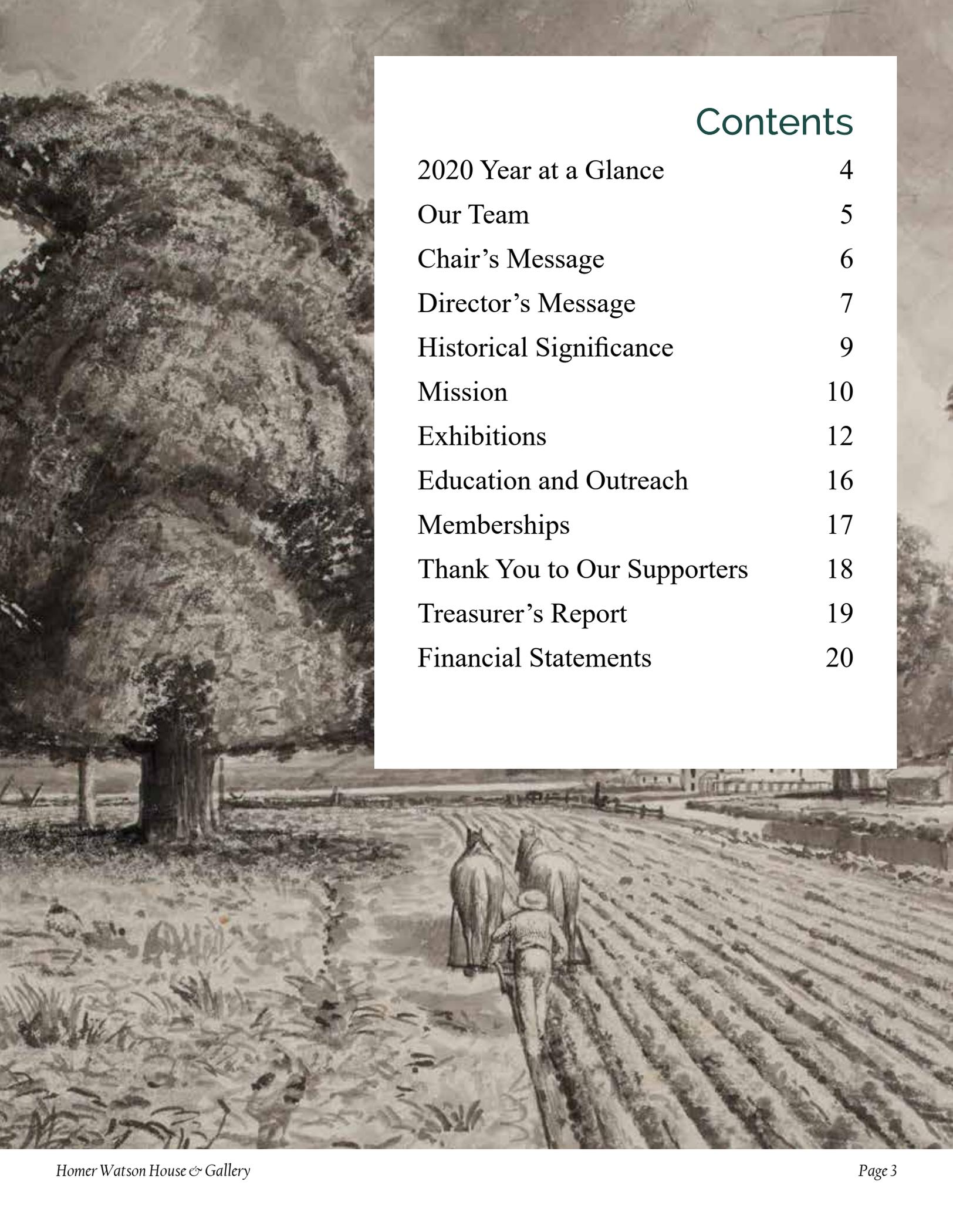
Homer Watson
House & Gallery

2020 ANNUAL REPORT

Homer Watson House Foundation

Homer Watson House & Gallery 1754 Old Mill Road, Kitchener, ON





Contents

2020 Year at a Glance	4
Our Team	5
Chair's Message	6
Director's Message	7
Historical Significance	9
Mission	10
Exhibitions	12
Education and Outreach	16
Memberships	17
Thank You to Our Supporters	18
Treasurer's Report	19
Financial Statements	20

2020 Year at a Glance

8 Exhibitions

53 Art programs offered

355 Program participants

107 Members

3,196 Followers on social media

61,042 Visitors to our website

\$21,287 In fundraising and donations

\$462,055 In grants and subsidies

Our Team in 2020

Board of Directors

Susan Janakovic	Chair
Christine Feniak	Vice Chair/ Acting Chair
Jane Sleeman	Director/Secretary
Karen Buhlman	Director/Secretary
Colleen Bulla	Director
Bill Poole	Director
Doris Cowan	Director
Marion Anderson	Director
Mary-Ann Melanson	Director

Staff

Tabatha Watson	Director/Curator
Sidney Howlett	Education & Public Programs Coordinator
Celia Wilson	Education & Public Programs Coordinator
Ralf Wall	Marketing & Collections Specialist
Janet Mayhew	Bookkeeper
Pierre Lemieux	Fundraising & Outreach Coordinator
Scott McNichol	Staff Artist & Instructor
Nichole Martin	Research Interpreter

Artist Instructors

Wendy Chow
Candice Leyland
Dottie Locks
Andrea Lorentz
Janus McBride
Scott McNicol
Moumita Roychowdhury
Logan Soeder
Ana Vatres
Ralf Wall
Trevor Waurechen

Seasonal Staff

Bria Dietrich
Tatiana Poluch
Taylor Shiells
Christine Slattery
Allison Taylor

Chair's Message

‘... Art attempts to find in the universe, in matter as well as in the facts of life, what is fundamental, enduring, essential’.

Saul Bellow

Speech upon receiving the Nobel Prize (1976)

The year 2020 and beyond have been described as challenging, unprecedented and even weird. In such a time, many of us have turned to art as a grounding force, a way to bring us back to ‘normal’. Or, as Saul Bellow stated, ‘what is fundamental, enduring, essential’.

The staff of HWHG have risen to the challenges of these times with creativity, ingenuity and calm. In March of 2020, when it became suddenly apparent that March break camp could not be hosted in person, they quickly created art activities kids could do at home with regular household items – toilet paper rolls, crayons, paper, glue, etc. A new activity was published on the HWHG website each day of the school break. Since that time staff and artists have continued to modify art programs, converting them to online. As a result, the gallery now has students from around the globe. Staff have also successfully applied for grants to run programs, hire contract positions and enhance HWHG facilities.

The board of directors has also adapted to the changes faced. Meetings are now held virtually and board members chose, for the first time in recent memory, to meet throughout the summer of 2020 in an effort to support staff.

Our generous donors and students have also adapted. They support the gallery in time honoured ways by taking courses and making donations. They have also participated in some innovations such as drive-by exhibitions including Trevor Waurechen’s neon light display and outdoor onsite exhibits like ‘Arena’. Staff have also noticed many folks enjoying our beautiful grounds, walking and revelling in nature as Homer Watson did.

The past year has provided many opportunities for staff, supporters and the board to shine. Everyone’s willingness to adapt to this brave new world has been inspiring. As we continue to honour and develop the priorities set by Homer and Phoebe Watson – environmental stewardship, inclusiveness and artistic mentorship – we want to take a moment to say thank you. To everyone who supports the Homer Watson legacy, thank you. We can’t wait to see you in person again soon.

- Colleen Bulla, Chair

Director's Message

It is no secret that 2020 has been a year of many challenges. The pandemic has impacted virtually every aspect of the way we operate. In this unprecedented period, I am very proud of our team and what we have been able to accomplish despite the many obstacles thrown our way. Once again, we have seen significant changes in staffing losing almost 50% of our team. Despite this, we have continued to offer exhibitions and artistic programming to our community.

Over the repeated lockdowns, we were forced to adapt our offer to continue arts programming while restricting access to the building. Although we had never run virtual courses before, our team was able to transition a considerable amount of our programming to an online offer. We trialed this with our “Homer’s Stay at Home Camp” providing free printables, activities and tutorials for participants to do from the safety of their home. This helped keep our audience engaged after we had to cancel our March break camp due to the first lockdown. The virtual camp received positive feedback and we continued to develop our virtual programming offer. Although the participation in our virtual programs has not equaled in person programs in previous years, we have been able to reach a wider audience, engaging participants from other provinces and countries.

This year has been a real struggle for everyone in arts and culture and we really appreciate the flexibility and understanding of our visitors, members and exhibiting artists. We have had to reschedule events, programs and exhibitions on several occasions and have been very touched by how our community has come together to make things work despite the challenges. We were very happy to be able to offer our October fundraiser Psychic Soiree this year. This event proved to be very successful even with the many restrictions and limitations of COVID. This was made possible through the hard work and dedication of our team of staff, volunteers and the many psychics and paranormal investigators who donated their time for the event. We are hoping to expand this event into a full Spirit Season for 2021 and encourage you to keep an eye on our website for further information.

We are eternally grateful to our members and supporters who have helped carry us through this challenging time. We have received numerous donations both through our Watson’s Women fundraiser and through individual donors. We have also been lucky enough to receive financial support through several COVID support schemes including the Canada Emergency Wage Subsidy, Small Business Support Grants and the Museum Assistance Program. We have also received support in the form of a Tier 1 Grant from the City of Kitchener as well as Young Canada Works and Canada Summer jobs grants. These revenue sources have ensured our survival over the course of this challenging year.

As we forge on into 2021, we are beginning to see a light at the end of the tunnel. We are looking forward to resuming more onsite activities and continuing the offers that we have developed over the past year. Although it has been a challenging year, 2020 has taught us to be more adaptable, encouraged us to share more of our collections and stories in more accessible ways and embrace technology as an aid to achieve these goals. We believe that these lessons will help us continue to develop and provide accessible information and activities for our community and beyond.

- Tabatha Watson, Director/ Curator



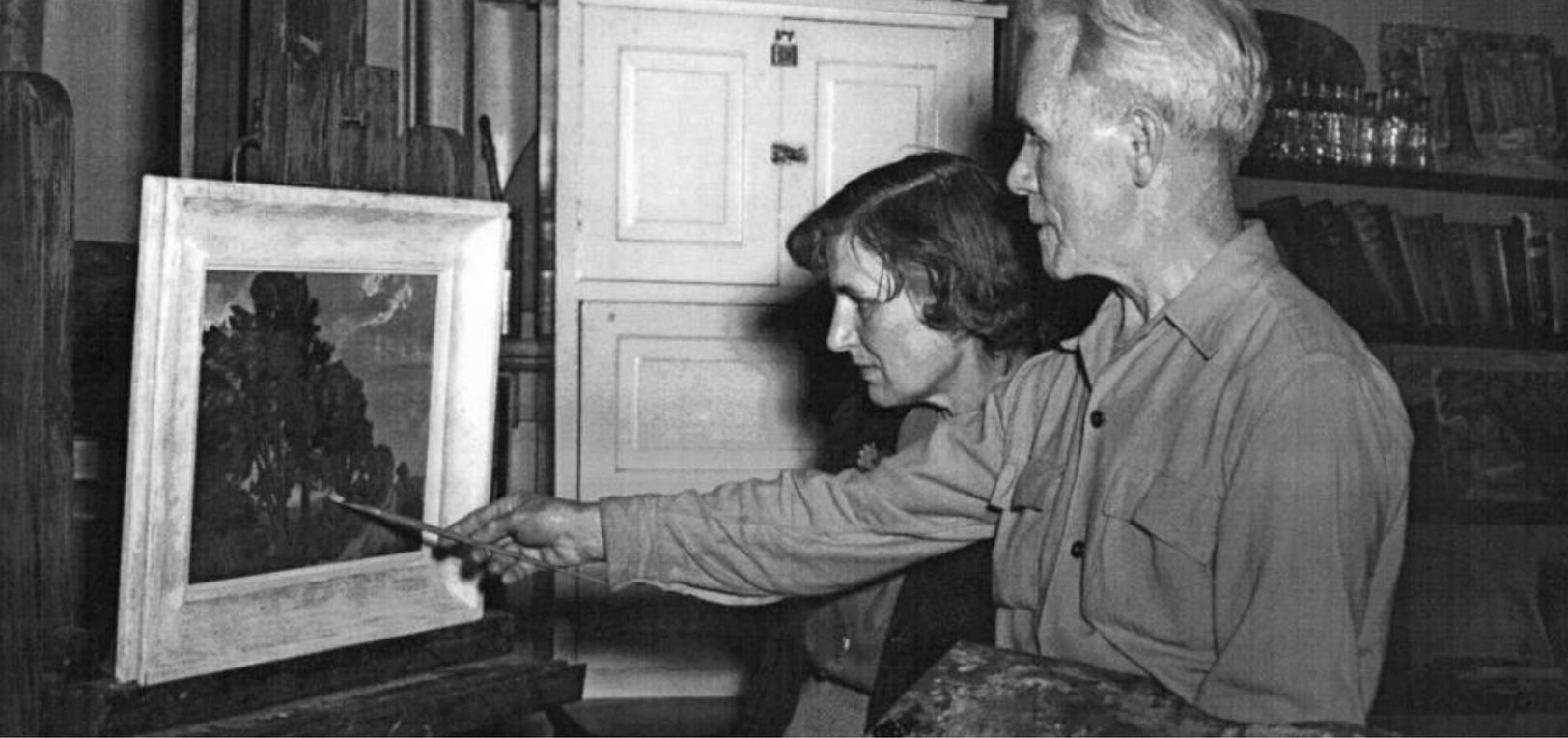
Historical Significance

Statement of Provincial Significance:

The Homer Watson House & Gallery was the homestead, gallery and studio of Canadian-born painter, Homer Ransford Watson (1855-1936). Watson was the first internationally celebrated Canadian landscape painter, rising to fame after selling 2 paintings to the English Royal Family. Homer Watson died in 1936 and was recognized as a National Historic Person of Canada by the Federal Government in 1939.

The Homer Watson House is part of Watson's artistic legacy; he left a significant architectural and artistic mark on the house, adding two additions to the house and painting a frieze in his studio depicting artists who influenced him. A federal plaque was raised at the site in 1955.





Our Mandate

Vision

The vision of Homer Watson House & Gallery is to preserve and celebrate the legacy of Homer Watson's creative spirit by stimulating the appreciation, enjoyment and practice of the visual arts.

Mission

Homer Watson House & Gallery will fulfill its mission by engaging in a three-part program of:

- Preservation and Collection of Homer Watson's art, his home studio and gallery and the heritage of his life, his times and that of Phoebe Watson and the Doon School of Fine Arts.
- Exhibition of Homer Watson's body of work and regular shows of contemporary local and regional artists.
- Education and enrichment through events and instructional programs in the visual arts.

Values

- Inspire creativity, knowledge and ideas through art.
- Celebrate diversity and inclusivity in our activities and working practices.
- Recognize the inherent value of the natural environment.
- Improve accessibility.
- Operate in a fiscally responsible way to ensure long term sustainability of the organization
- Develop meaningful relationships within our region and the broader arts community.

Core Competencies

Core competencies allow Homer Watson House & Gallery to engage a variety of markets and offer unique contributions to the community that are difficult for other galleries to emulate.

1. Celebrate Historic Significance

- Designated Ontario Heritage Site
- Site of the renowned Doon School of Fine Arts
- Unique architectural design of House and Gallery
- One of the oldest operating gallery in province

2. Participate in Art Education

- Wide variety of classes and workshops for children and adults
- School programs for preschool to post-secondary
- Community, Children's and Family Group workshops
- In-house and outreach community programs

3. Provide Centre for Local Artists and Community Interaction

- Student exhibitions
- Local emerging and established artist exhibitions
- Hands-on teaching and mentoring opportunities

4. Protect Environmental Significance

- Part of the Historical Walking Tour of Lower Doon
- Situated on the Heritage Grand River
- Connected to the Walter Bean Nature Trails
- Affiliated with the Homer Watson Park (Cressman Woods)

5. Build Community Partnerships

- Regional elementary and secondary school tours
- Local businesses, community groups and individual stakeholder involvement
- Other charitable foundations associated: Grand River Conservation Association; KW Community Foundation; Ontario Heritage Foundation; Community Museum Associations

These core competencies originate from Homer Watson's philosophies of environmental preservation through the celebration of arts, culture and community.



Exhibitions

The gallery saw many great exhibitions over the course of the year both in person (when possible) and virtually. As a result of the ongoing closures, many of our scheduled exhibitions were postponed or transitioned to virtual exhibitions. We cannot thank our exhibiting artists enough for their patience and understanding as our plans changed several times through the year. Despite these challenges, we were still able to offer a number of in person and virtual exhibitions providing respite to our community during a challenging year.

raw.

Eastwood Collegiate Institute IAP Students
January 10-21

Showcasing the artwork of Eastwood Collegiate Institute's IAP students, *raw.* was a demonstration of vulnerability without weakness, an unfiltered expression of ideas, passions and struggles. This annual show celebrated the work of local up and coming artists and provided them with the opportunity to be involved with the practical side of coordinating an exhibition.

Homer Watson House & Gallery

Reflection

Kitchener Waterloo Society of Artists (KWSA)
ft. Quiet Darkness|Emerging Light
Anne Jackson

February 1 - March 7

This juried show featuring artworks by KWSA and juried by James Nye and Scott McNichol, featured pieces inspired by the theme of reflection, both as a mental state and a physical phenomenon. The show also featured mini show, Quiet Darkness|Emerging Light by KWSA artist Anne Jackson.

Colour with a "U"

Studio Art Quilt Associates (SAQA)
Curated by Faith Hieblinger

March 13 - May 31

This fibre art exhibition by Studio Art Quilt Associates celebrated what it means to be Canadian. The first show of its kind in Canada, this exhibition was set to travel across the country featuring quilts by many of the organization's Canadian members. Unfortunately, the opening



week coincided with the first lockdown in 2020 resulting in a very different schedule than was originally planned. Although many of the exhibition events were not able to run, we were able to open the gallery to visitors and extended the show by a few weeks to allow further access.

The Last Five Years (virtual exhibition)

D.D. Gadjanski

June 6 - August 9

Originally scheduled as an in gallery exhibition, D.D. Gadjanski agreed to be featured as our first ever virtual exhibition. This show provided a great outlet for our members and visitors during the ongoing lockdowns and saw web visits from all over Canada and Europe. The show celebrated D.D.'s work over the last 5 years showing her changing inspiration and style.

Beyond Paint: Homer Watson's Works on Paper

September 12 - November 2

Curated by our summer staff Tatiana Poluch and Taylor Shiells, this exhibition explored some of Homer Watson's lesser-known mediums including drawing and printmaking. The show provided insights into Homer Watson's development as an artist and his process when creating his larger pieces.

"Who" not "What"

Logan Soeder

September 12 - November 2

In their debut solo exhibition, "Who" not "What," artist Logan Soeder presented acrylic and watercolour pieces celebrating their connection with our local landscapes. Featuring many of the natural spaces that also inspired Homer Watson, this show connected us to our roots as the former home of Homer Watson and allowed our visitors to explore setting roots of their own.



Intersections (virtual exhibition)

Pia Braza

September 12, 2020 - January 5, 2021

After the success of our first virtual exhibition, we reached out to local artist Pia Braza to be featured as our second fully virtual exhibition. Intersections showcased digital drawings of landmarks in the Waterloo Region. Each location featured a memory or story of that location from a community member.

Winter, Annual Instructor Exhibition

HWHG Art Instructors

Featuring Magic of Trees by Ana Vatres

November 6, 2020 - January 5, 2021

Instead of our usual instructor show reception and Christmas party, we hosted a plein air reception where visitors could visit our instructors as they worked on pieces on our grounds. This allowed our artists to interact with our members while still complying with public health recommendations.



Events - Psychic Soiree

Many of our scheduled events for 2020 were cancelled, postponed or transitioned to digital events. Luckily, our annual fundraising event Psychic Soiree was able to run in person with some restrictions. Although we had to make many adjustments to the event to ensure that it could safely run, the event was a great success. We offered psychic readings, lectures, workshops and paranormal investigations over the course of Halloween weekend. Many of the tickets sold out in the first week and our participants were very happy to be able to join in. Behind the scenes, careful planning and coordination was needed to ensure a safe experience for all. This would not have been possible without the help of our many staff members and volunteers who were so committed to ensuring the event ran smoothly. Special thanks to the Psychics and lecturers who donated their time for the event:

*Linda
Cecilia
Doug Chase
Brian Trussler
Wendy Postma*

Homer Watson House & Gallery



HWHG Education and Outreach

Over the course of the year at HWHG, we advanced our public program offering to include virtual programs that better served visitors while social distancing measures were in place. We organized a range of virtual programs which welcome and better serve visitors who were forced to isolate due to the pandemic. Homer Watson House and Gallery organized a range of lectures, presentations for the public.

2020 Overview

Total number of programs **53**

Total number of participants **355**

Program Statistics

The actual participants in 2020 courses totaled 355, a 67.5% decrease compared to 2019.

Based on participant feedback surveys, 75% of participants chose courses based on the medium being offered. Due to the pandemic, the majority of our classes were hosted online. As a result, many participants elected for classes that they already had the supplies for.

Course instructors were also an important deciding factor for course participants.

Initiatives and Development

During 2020, we offered a new children's program to comply with COVID restrictions. outdoor homeschool was available September to June and was well received by families gaining 52 registrations. We will continue to offer our outdoor homeschool program and expect an increase in attendance and revenue in 2021 and 2022. Another new children's program offered for 2020 was the virtual summer camps. Available during July and August over Zoom, the virtual camps hosted 21 students.





HWHG Memberships

2020 Overview

Individual memberships purchased: 52

Family memberships purchased: 55

In 2020, HWHG had over 107 unique, active members.

As of Dec. 31, 2020 all memberships included:

- 10% discounts on our children and adult art programs
- 15% discount Framing and Art Centre
- 716 Belmont Avenue West Kitchener, ON
- Free admission to Museum & Gallery
- Free admission to Exhibition Receptions
- Free admission to our monthly CreativiTEA Lounge
- Updates about programs, exhibitions, and events through our WATsnew Magazine or WATson e-newsletter

Donations

2020 was a very challenging year financially. The cancellation of many in-person programs and exhibitions meant that we had very limited revenue to support the gallery. We are so grateful to our community for their generous support throughout the year that helped keep us afloat. We raised over \$21,000 through our Watson's Women fundraiser, individual donations and fundraising. We cannot thank our supporters enough; it is because of their support that we were able to weather the storm over the course of the year.

Grants

Although the year had many challenges related to the lockdowns and closures, we were very grateful for the many grants and subsidies that were made available to arts and culture to help carry us through the year. We received over \$450,000 in grants and subsidies in 2021 including the City of Kitchener Tier 1 grant, Canada Emergency Wage Subsidy, Canada Summer Jobs, Young Canada Works and emergency funding from the Museums Assistance Program. These grants have ensured our survival in 2020 and allowed us to continue to offer programming and exhibitions to the public.

Thank You to Our Supporters

Over the course of 2020, HWHG received generous in-kind and monetary donations from the following organizations and individuals:

PRESIDENT'S CIRCLE

(\$10,000 +)

City of Kitchener (Community Tier 1 Grant)

Government of Canada (Canada Summer Jobs Grant)

CURATOR'S CIRCLE

(\$1,000 - \$9,999)

Good Foundation

Mac Voisin & Marcela Bahar

Colleen and Paul Bulla

Francis McIntosh

FRIENDS OF WATSON

(under \$500)

Marion R. Anderson

Lise Della Anderson

Carolyn Anderson

Belinda M. Armstrong

Janet Auger

Shari Brennan

Jane Britton

Sandi Brobyn

Jeanette Chippindale

Aletha Coleman

Derek Coleman

Nancy Anne Cooper

Darlene Joan Cooper

Barb Coulman

Doris Cowan

Barbara & Rae
Crossman

Michele Doktor

Gerry Ann Engel

Richard Farrar

Christine Feniak

Dragica Gadjanski

Carol Grant

Cathy Gregory

Anatoli Guelfgat

Jane Hamilton

Mary Liz Hearn

Kathy Hilborn

Mary Lou Hiller

Sue Janakovic

Mary Elizabeth Ladich

Dianne Lee

Jim MacDonald

Carolyn McCallum

Fiona Main

Miriam Mann

Janet Mayhew

Lynda McCarthy

Lynne Paquette

Sue Peister

Tiina Price

Jo-Anne Rankin

Christine Ristau

Yvonne Robertson

Anita Santin

Marilyn A. Sararus

Peggy Savage

Laurie Sinclair

Jane Sleeman

Kate Sleeman

Sharon Spall

Arja Speelman

Diana L. Strype

Tami VanDyke

Shelley Wickenheiser



HWHG is extremely grateful for the continued support from our community. These contributions help celebrate and preserve Homer Watson's creative spirit and support arts in the Waterloo region.



2020 Treasurer's Report

The Homer Watson House & Gallery (HWHG), like other entities during 2020, struggled with the challenging and unprecedented time presented by the Covid 19 Pandemic. With the ongoing operating grant from the City of Kitchener, various government programs made available to the foundation, and careful expense containment, HWHG was successful in achieving financial results necessary to carry the gallery through the year and launch us into 2021 with an overall financial surplus.

The City of Kitchener Grant of \$231,339 remains a steady support for HWHG and is key to fulfilling its mandate.

Registration fees for programs most significantly fell by 73% to \$35,322 from \$129,171 in the previous year due to the necessary cancellation of in person and children's programming as dictated by Covid 19 restrictions. Support from the community through fundraising and donations declined only slightly from the previous years to \$21,287 reflecting the community appreciation of HWHG. Investment income declined by 38% a reflection of the overall market values of our conservative investment portfolio at year end.

HWHG successfully developed various sources of grant assistance including Canada Summer Jobs, Young Canada Works, the Museum Assistance program, and Canada Emergency Wage Subsidy. These totalled \$214,000 and enabled HWHG to fulfill its mandate to the community while operating under the restrictions as well as remain on a solid financial footing.

Prudent expense cutting, particularly in wages and benefits, operational, and facilities maintenance resulted in a 42% expense reduction to \$341,590 from \$589,980 in the prior year. Significantly, three positions went unfilled during this time.

In 2020, it was not necessary to draw on the restricted funds held by the Homer Watson House Foundation. An overall surplus of \$203,151 at year end allows the financial stability to move forward on HWHC's strategic goals for the community as we hopefully launch into a post pandemic environment during 2021.

Rose Mailloux, CMA, CPA, MBA Treasurer

HOMER WATSON HOUSE FOUNDATION

**FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

HOMER WATSON HOUSE FOUNDATION

DECEMBER 31, 2020
CONTENTS

	Page
Independent Auditors' Report	1 - 2
Financial Statements	
Statement of Revenues and Expenditures	3
Statement of Changes in Fund Balances	4
Financial Position	5
Statement of Cash Flows	6
Explanatory Financial Notes	7 - 10

INDEPENDENT AUDITORS' REPORT

To the Members of
Homer Watson House Foundation

Qualified Opinion

We have audited the accompanying financial statements of **Homer Watson House Foundation** (the Foundation), which comprise the statement of financial position as at December 31, 2020, and the statements of revenues and expenditures, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Foundation derives revenue from fundraising, 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 Foundation and we were not able to determine whether any adjustments might be necessary to fundraising revenues, excess (deficiency) of revenues over expenditures and fund balances.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Foundation in accordance with the 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 qualified opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Foundation'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 the Board of Directors either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

Auditors' 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 auditors' 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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement 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 Foundation'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 Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Foundation 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.

A handwritten signature in black ink that reads "Graham Mathew Professional Corporation". The signature is written in a cursive, flowing style.

Cambridge, Ontario
June 22, 2021

Chartered Professional Accountants, authorized to practise public
accounting by the Chartered Professional Accountants of Ontario

HOMER WATSON HOUSE FOUNDATION

STATEMENT OF REVENUES AND EXPENDITURES YEAR ENDED DECEMBER 31, 2020

	2020 \$	2019 \$
Revenue		
Operating grant - City of Kitchener	231,339	229,048
Other revenue		
Registration fees, programs	35,322	129,171
Fundraising and donations	21,287	22,070
Other grants and sponsorship	15,831	5,982
Exhibitions	6,883	4,680
Other revenue	2,278	5,205
Investment income	22,568	36,160
Unrealized gains (losses) on investments	(5,652)	26,716
Wage subsidy grants	37,014	22,450
	135,531	252,434
	366,870	481,482
Expenditures		
Wages and benefits	254,135	410,614
Programming	18,390	52,521
Fundraising	524	9,494
Advertising and promotion	6,787	19,107
Operational	11,350	25,371
Facilities maintenance	10,099	33,911
Conservation and collections	5,178	8,234
Staff training	179	5,921
Exhibitions	6,615	8,700
Insurance	1,712	2,640
Professional fees	26,244	13,173
Miscellaneous	377	294
	341,590	589,980
Excess (deficiency) of revenues over expenditures before undernoted items	25,280	(108,498)
Government wage subsidies	118,968	
Other COVID-19 grant	58,903	
	177,871	
Excess (deficiency) of revenues over expenditures for year	203,151	(108,498)

The explanatory financial notes form an integral part of these financial statements.

HOMER WATSON HOUSE FOUNDATION

STATEMENT OF CHANGES IN FUND BALANCES YEAR ENDED DECEMBER 31, 2020

	General Fund (Unrestricted) \$	Special Projects Fund (Internally and Externally Restricted) \$	Museum Gallery Fund (Unrestricted) \$	HWH & G Legacy Fund (Internally Restricted) \$	Heritage Endowment Fund (Internally and Externally Restricted) \$	2020 \$	2019 \$
Fund balances, beginning of year	(206,359)	177,778	(3,046)	375,290	125,477	469,140	577,638
Revenue (loss)	548,321	8		(4,901)	1,313	544,741	481,482
Expenditures	340,880				710	341,590	589,980
Excess (deficiency) of revenue over expenditure	207,441	8		(4,901)	603	203,151	(108,498)
Fund balances, end of year	1,082	177,786	(3,046)	370,389	126,080	672,291	469,140

The explanatory financial notes form an integral part of these financial statements.

HOMER WATSON HOUSE FOUNDATION

FINANCIAL POSITION DECEMBER 31, 2020

	2020 \$	2019 \$
ASSETS		
Cash	186,971	48,651
Cash - Heritage Endowment Fund (note 5)	21,029	21,029
Short-term investments (note 3)	405,553	472,756
Accounts receivable	54,933	3,774
Inventory	7,389	7,371
Prepaid expenses	2,100	5,433
Current assets	677,975	559,014
Heritage Endowment Fund		
Investments - internally and externally restricted (note 5)	61,244	60,912
Investments - externally restricted (note 5)	43,807	43,536
Art collection	100	100
	105,151	104,548
	783,126	663,562
LIABILITIES		
Accounts payable and accrued liabilities (note 4)	105,112	182,575
Deferred revenue	5,723	11,847
	110,835	194,422
NET ASSETS		
Unrestricted funds		
General fund	1,082	(206,359)
Museum Gallery fund	(3,046)	(3,046)
	(1,964)	(209,405)
Restricted funds		
Special Projects fund	177,786	177,778
HWH & G Legacy fund	370,389	375,290
Heritage Endowment fund	126,080	125,477
	674,255	678,545
	672,291	469,140
	783,126	663,562

APPROVED BY THE BOARD:

_____ Director

_____ Director

HOMER WATSON HOUSE FOUNDATION

STATEMENT OF CASH FLOWS YEAR ENDED DECEMBER 31, 2020

	2020 \$	2019 \$
Cash flows from operating activities:		
Excess (deficiency) of revenues over expenditures for year	203,151	(108,498)
Item not involving cash:		
Unrealized losses (gains) on investments	5,652	(26,716)
	208,803	(135,214)
Net change in non-cash working capital balances relating to operations:		
Short-term investments	61,551	33,471
Accounts receivable	(51,159)	6,154
Inventory	(18)	(380)
Prepaid expenses	3,333	1,212
Deferred revenue	(6,124)	10,936
Accounts payable and accrued liabilities	(77,462)	62,845
	138,924	(20,976)
Cash flows from investment activities:		
Investments - internally and externally restricted	(332)	(330)
Investments - externally restricted	(272)	(3,715)
	(604)	(4,045)
Net increase (decrease) in cash	138,320	(25,021)
Cash, beginning of year	69,680	94,701
Cash, end of year	208,000	69,680
 Cash consists of the following:		
Cash	186,971	48,651
Cash - Heritage Endowment Fund	21,029	21,029
	208,000	69,680

The explanatory financial notes form an integral part of these financial statements.

1. Nature of Organization

The mission of the Homer Watson House Foundation is to preserve and celebrate the legacy of Homer Watson's creative spirit by stimulating the appreciation, enjoyment and practice of the visual arts.

The City of Kitchener owns the property commonly known as the Homer Watson House & Gallery and the surrounding grounds commonly known as 1754 and 1762 Old Mill Road, Kitchener. The Province of Ontario has a heritage easement registered on title to the property. The Homer Watson House Foundation is an incorporated non-profit entity that manages the property and the activities at the Homer Watson House & Gallery in consultation with and subject to the approval of the Council of the City of Kitchener. The Foundation receives and is dependent upon funding from the City of Kitchener to assist in the management and maintenance of the facilities.

The Foundation is incorporated under the Ontario Corporations Act as a not-for-profit organization and is a registered charity under the Income Tax Act (Canada) and accordingly is exempt from income tax.

2. Summary of Significant Accounting Policies

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Financial instruments

Investments are shown on the statement of financial position at their fair values at the year-end date, with changes in fair value recognized in the statement of revenues and expenditures. All other financial assets and liabilities are recorded at amortized cost less any discovered impairment.

(b) Inventories

Inventories are measured at the lower of cost and net realizable value, with cost being determined on a first-in, first-out (FIFO) basis. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable variable selling costs.

(c) Fund accounting

To ensure observation of restrictions placed on the use of resources available to Homer Watson House Foundation, the accounts are maintained in accordance with the principles of fund accounting. The resources are classified for accounting and reporting purposes into the following funds which have been established according to their nature and purpose:

The unrestricted **General fund**, reports the assets, liabilities, revenues and expenses related to program delivery and administrative activities.

The **internally and externally restricted Special Projects fund**, reports the assets, liabilities, revenues and expenses related to long-term projects. Contributions and disbursements from this fund are at the discretion of the Board of Directors. Revenues earned on the investments held by the fund are reported in this fund are reported in this fund

2. Summary of Significant Accounting Policies (Continued)**(c) Fund accounting (continued)**

The **unrestricted Museum Gallery fund**, reports funds that are available to develop the collection at the Homer Watson House Foundation.

The **internally restricted Homer Watson House and Gallery Legacy fund** (HWH&G Legacy fund) reports the assets, liabilities, revenues and expenses related to capital and other expenditures. Contributions and disbursements from this fund are at the discretion of the Board of Directors.

The **internally and externally restricted Heritage Endowment fund**, reports funds that were established under the Province of Ontario's Heritage Challenge Fund Community Program (externally restricted), along with funds contributed by the Foundation (internally restricted). External contributions to this fund are restricted by the terms of the program. The externally restricted endowment of \$94,000 must be maintained in perpetuity and the fund income must only be used for capital costs associated with conserving eligible heritage property or reinvested in the fund. Investment income earned on the resources of the fund is reported in this fund.

(d) Revenue recognition

The Foundation follows the restricted fund method of accounting for contributions whereby externally restricted contributions, including endowment contributions, are recognized upon receipt in the appropriate fund corresponding to the purpose for which they were contributed. Externally restricted contributions to the General fund are recognized as revenue when the related expenditure occurs. Unrestricted contributions are recognized in the General fund when received or receivable and collection is reasonably assured. Wage subsidy grants are recorded in the period in which the related expenditures are incurred.

Registration and program fees are recognized when the program takes place.

(e) Art collection

The Foundation holds a collection of art created by Homer Watson that is held for exhibition and education. The collection is shown on the statement of financial position as an asset at a nominal value of \$100. Acquisitions of works of art and related costs are shown as collection acquisitions on the statement of revenues and expenditures in the year of acquisition. Artwork donated to the collection is recorded as a donation and expenditure at fair value, only when fair value can be easily obtained.

(f) Contributed services and materials

Volunteers contribute a significant number of hours each year to assist the Foundation in carrying out its activities. For the year ended December 31, 2020, volunteers contributed approximately 230 hours (1,883 hours in 2019). Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

(g) Use of estimates

The preparation of these financial statements in conformity 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, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the current period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

HOMER WATSON HOUSE FOUNDATION

EXPLANATORY FINANCIAL NOTES YEAR ENDED DECEMBER 31, 2020

	2020	2019
	\$	\$
3. Short-Term Investments		
Short-term investments are comprised of the following:		
General Fund:		
Portfolio shares	8,382	9,265
Mutual fund	4,009	3,878
	12,391	13,143
Special Projects Fund:		
TD Canada Trust, GIC, matured March 2020		10,093
HWH&G Legacy Fund:		
Portfolio shares	393,162	449,520
	405,553	472,756

4. Accounts Payable and Accrued Liabilities

There were no amounts payable with respect to government remittances as of the year end date.

5. Investments

As at December 31, 2020, the externally restricted investment which comprises a portion of the Heritage Endowment described in note 2(c), consisted of \$43,807 (\$43,536 in 2019) invested with the Kitchener-Waterloo Community Foundation. The principal balance must be maintained for ten years. The investments of this fund form part of the pool of investments of the Kitchener-Waterloo Community Foundation and the fund is entitled to a proportionate share of the investment income of the Kitchener-Waterloo Community Foundation as determined by its Board of Directors. Investment income allocated to the investment for the year was \$2,681 (\$4,435 in 2019), including realized and unrealized gains and losses.

The internally and externally restricted investment, which includes the remaining portion of the Heritage Endowment described in note 2(c), is comprised of a TD Canada Trust GIC maturing March 2022 and bearing interest at 0.545% and cash. Interest income allocated to the fund for the year amounted to \$332 (\$330 in 2019).

6. Art Collection

During the year, there were no collection acquisitions. In 2019 an acquisition of \$8,000 was included in the conservation and collections expense, which was a gift-in-kind. Art collection items are not for sale.

7. Endowment Fund

The Homer Watson House and Gallery Arts Endowment Fund is established at the Ontario Arts Foundation. Under the terms of the agreement, the capital cannot be withdrawn and only the related income can be distributed to the Foundation.

The market value of the this fund at December 31, 2020 was \$93,354 (\$93,812 in 2019). The distribution from the Endowment Fund during the year was \$5,966 (\$4,022 in 2019). The book value is \$65,140 (\$65,140 in 2019).

8. Financial Instruments

The entity is exposed to various risks through its financial instruments. The following analysis provides a measure of the entity's risk exposure and concentrations at the year end date.

Liquidity risk

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

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. The entity is mainly exposed to interest rate risk and other price risk.

Interest rate risk

The entity is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed-rate instruments subject the entity to a fair value risk while the floating-rate instruments subject it to a cash flow risk. The entity is exposed to this type of risk as a result of investments in GICs.

Other price risk

Other price risk associated with investments in shares is minimized by the Foundation regularly rebalancing its portfolio and investing in the Canadian financial sector.

9. Uncertainty Regarding COVID-19

As the COVID-19 pandemic continues to impact the economy, it could result in a significant negative impact on the Foundation's operations. As of the time of authorization of these financial statements, it is not possible to estimate the length and severity of these developments and their impact on the financial results and operations of the Foundation.

10. Comparative Figures

Comparative figures have, in some instances, been reclassified in order to present them in a form comparable to those for the current year.