Graffiti Art Programming Inc.

Executive Director

Stephen Wilson

Board Members

Adam Andreiw
Jeff Betker
Rod Bushie
Robert Dormer
Linda English
Brett D. Huson
Walt Nilsson
Kaaren Pearce
Marv Terhoch

Advisory Committee

Jim Bear
Bruce Charter
Wayne Helgason
Melody Johnson
Harvey Smith

GRAFFITI ART PROGRAMMING
REQUEST FOR FUNDING SUPPORT
from
THE CITY OF WINNIPEG
under consideration by
THE EXECUTIVE POLICY COMMITTEE

March 17th, 2008

To: Members of The Executive Policy Committee:

His Worship Mayor Katz, Chairperson
Deputy Mayor Leipsic
Councillor O'Shaughnessy
Councillor Steeves
Councillor Swandel
Councillor Wyatt
Councillor Clement

Attention: Ms. Joanne Park

c.c.: Members of the Standing Committee on Protection and Community Services

Councillor Steeves, Chairperson
Councillor Gerbasi
Councillor Nordman
Councillor Pagtakhan

On March 10th , 2008, after our presentation to the Standing Policy Committee on Protection and Community Services, the following was recommended to the Executive Policy Committee:

"That the City of Winnipeg enter into a funding agreement with Graffiti Art Programming Inc. in the amount of $100,000.00, annually"

On behalf of GAP, we deeply appreciate the affirmation of this recommendation; and would welcome this level of support. In expressing same, we wish to further detail our March 10th presentation, upon which the Committee based it's recommendation. Either way, we would of course, gratefully accept and move forward.

109 Higgins Avenue Winnipeg MB R3B 0B5 (204) 667-9960 Facsimile (204) 949-0696
E-mail: info@graffitigallery.ca WebSite: www.graffitigallery.ca

Graffiti Art Programming is requesting $500,000.00, from The City of Winnipeg, so that we may improve our capacity to deliver the programs and services to the communities that we already serve and to those requesting our services. Our agency is proposing to do one of two things with this grant from the City:

The grant would provide the base for an endowment fund under the stewardship of The Winnipeg Foundation. The Winnipeg Foundation and the Federal Department of Canadian Heritage both have a matching formulas for such a fund. We anticipate that the income generated by this fund would provide resources to offset some of our annual operating expenses, primarily in the area of rent and utilities. In essence, the income will act as a permanent operating grant for our agency; and allow us to redirect resources into our core programming, with the resulting increase in capacity and number of lives touched daily.

Direct the grant to purchase our current building on Higgins Ave. The cost to purchase our building is approximately $350,000.00 - $400,000.00. We would require the additional resources from the grant for improvements and code upgrades. By purchasing our building we will be in a position to redirect our costs on 'bricks and mortar' and, again, expand our capacity and the amount that we spend on programs to children and youth in the inner city. We anticipate that we will save and redirect approximately $45,000.00, per year, which will allow us to increase the number of children and youth that we serve from 500 per year to 590 per year. Although the majority of our free after school art classes are offered at 8 different locations throughout the inner city, we use our current facility to operate our Job Training/Life Skills program as well as our Gallery operation. This year to date, we have had 6,390 people attend our facility for various shows, events, school tours and community meetings. Our building gives us a very unique space in which to display the art work created by the hundreds of artists that we work with each year. Our agency engages in many commercial/commissioned art works throughout the year (over $55,000 in revenue generation in the current year); and our building allows for the space needed to secure mural work and other very large commissions.

On an emotional, as well as this practical level, by purchasing our building we are sending the signal to our community, clients and partners, that we plan to live here and support our neighbourhood for the long term.

We believe this to be very fitting, as we enter our 10th Anniversary year.

Regards,

Stephen Wilson
Executive Director

Graffiti Art Programming Inc.
Murals

450 Laxdal Road

Year: 2000



216 Wellington

Year: 2001



216 Wellington

Year: 2001



412MacGregor

Year: 2005



BACKGROUND

-Graffiti Art Programming (GAP) is celebrating its 10th anniversary this summer.
-GAP is a community youth art centre dedicated to using art as a tool for community development, social change, individual growth and SAVING LIVES.
-We use a preventative approach and philosophy with regards to crime.
-We employ 7 full time staff, 21 part time staff and dozens of contract artist.
-Our agency has been located in Point Douglas for 9 ½ years.
-Over the years, 16 our participant artists have received degrees in Fine Arts at the University of Manitoba and Creative Communications at Red River College. Currently we have one participant studying Fine Arts at Concordia University in Montreal and another studying Creative Communications at Red River College.

COMMITTEES AND BOARDS

Our agency is very active on many community committees and boards:

Turtle Island Neighbourhood Centre Integrated Team	(founding member)
Community Advisory committee – Lord Selkirk Park	(member)
Coalition of Community Based Youth Serving Agencies	(member)
North Point Douglas Residents Committee	(member)
North Point Douglas Youth Council	(founding member)
Seniors and Kids in Motion – Lord Selkirk Park	(member)
Lord Selkirk Park Moms and Tots Steering Committee	(member)
S.I.S.T.A.R.S. Community Economic Co-op Inc.	(board member)

PROGRAMMING SITES

Our agency offers free art classes at 8 different sites

Turtle Island Neighbourhood Centre
David Livingstone Elementary School
Norquay Elementary School
Norquay Community Centre
Argyle Alternative High School
West Central Womans Centre
Sister MacNamara Elementary School
Graffiti Art Programming

Graffiti Art Programming Inc.

Graffiti Art Programming (GAP) is a not-for-profit community youth art center also known as the "Graffiti Gallery". GAP uses art as a tool for community, social, economic and individual growth of children/youth and their families in Winnipeg communities.

The Gallery uses the arts as the foundation of a skill building set, which can be directed and honed through a unique mix of innovative programming to provide multiple sustainable employment opportunities. This training also serves as an entry point to further education and employment.

The Gallery constantly strives to establish a strong connection between children/youth and their communities, and provide them with the opportunity to build a positive self-image and greater self-discipline. At the same time, the Gallery offers young people ways of expressing themselves in a more socially acceptable manner.

Programming

The Gallery partners with other youth agencies and programs to better coordinate and expand the range of services offered to children/youth in Winnipeg communities. Within the neighborhood of Point Douglas and the surrounding areas, there is a particularly urgent need for alternative youth recreational/educational opportunities and experiences.

GAP is a multi-faceted organization, however, the main services are offered through the st.Art Program, Urban Canvas Program, Community Urban Art Gallery, Mural Fest, Commercial Murals and its outreach initiatives.

st.Art Program

The st.Art Program addresses the need for accessible holistic arts programming in Point Douglas and city wide. The program offers free weekly instruction in many areas: aboriginal arts and crafts, fashion design, dance club, open art studio, photography, spoken word/MC, to name a few. On average, there are over 8,000 participations in the st.Art Program every year. Participations have quadrupled in the past couple of years as a result of new partnerships in the community. St.Art has set up programming at Turtle Island Neighborhood Centre, Argyle, David Livingston and Norquay Schools and the Norquay Community Centre, in addition to the weekly programming offered at the gallery itself. St.Art facilitates weekly tours and painting workshops at the gallery for schools, daycares and other groups to view the art exhibit, learn about our programs, gain an awareness of the urban art movement and try their hands at mural painting. In 2007, tour numbers reached nearly 200 participants per month.



Community Urban Art Gallery

The Graffiti Gallery is a venue for emerging and professional artists to show their work. Although the organization is rooted in urban art, the Gallery has shown many different styles and media, including photography, aboriginal art, performance art, collage, graffiti, and sculpture. Typically, the Gallery will host 6-8 shows per year. They average over 300 people to an art show opening, which is a great way to entice people to Higgins Avenue on a Thursday night. The Gallery has over 3,000 visitors per year. In 2006, the Graffiti Gallery partnered with The Forks to establish a satellite gallery, 'JPEG', at the new Skate Plaza. Works from Graffiti Gallery shows are circulated at the Skate Plaza making art accessible to over 4 million visitors annually.

Outreach Activities

GAP participates in community events such as street festivals, picnics and art auctions as well as public art demonstrations, volunteering and contributes to the organizing committees, community groups and forums.



The Urban Canvas Program

The Urban Canvas Program is a 48 week commercial art training program, creating opportunities specifically for young Aboriginal adults. Up to 8 students per year work with professional artist mentors/instructors to explore different commercial art applications. The program is designed to teach necessary art skills and techniques, however, it also reviews career opportunities and establishes a career plan for each participant. Over 40 students have graduated since it's inception in 2000. Urban Canvas students are given first priority whenever commercial jobs come through the Gallery and when positions become available with stArt or Mural Fest .

Commercial Murals

Graffiti Art Programming Inc. offers a full range of mural painting services year round. Murals are painted on a variety of surfaces such as exterior and interior walls, children's bedrooms, vinyl banners, inter-connecting panels of plywood or crezone. Several mediums are used for creating murals, including conventional latex paint, aerosol and air brushing. Exterior murals are coated with a special sealer that prevents weather erosion and permits easy cleanup. GAP murals are an innovative way to beautify your neighbourhood as well as dissuade unwanted and illegal graffiti. GAP artists can also design logos or personalize items of your choice. Financing available through National Leasing (o.a.c.)

Norquay Community School

132 Lusted Avenue • Winnipeg MB R2W 2P2 • Telephone 943-9541 • Fax 943-4715

Cathryn Smith, Principal *Richard Ryland, Vice-Principal*

April 13, 2007

Dear Potential Funders,

As Principal of Norquay School I am very aware of the need for recreational options for children and teens in the off school hours. I am in support of partnering with Graffiti Gallery to provide programming for the students of Norquay School and the Point Douglas area. As we are an elementary school I am mostly in favour of programs which reach elementary school-age children being located at the school. I feel that a partnership between Boys and Girls Club and Graffiti Gallery would be very positive for our students. Summer programming is very limited in the Point Douglas area so any summer initiatives would be also greatly appreciated.

I also support programs for older teens being offered at neighbourhood facilities. We know that being idle can lead children into all sorts of difficulties. I applaud the efforts of Graffiti Gallery and community members who are trying to put planned activities in place to help keep area children busy. If I can be of any further assistance I can be reached at the school.

Sincerely,

Cathryn Smith

Cathryn Smith
Principal, Norquay School

Copy to Mtg 4-29-07

[redacted]

Norquay Community Centre

[redacted]

65 Granville Street
Winnipeg MB
R2W 3L9

Phone : 943 - 6897
Fax: 943 - 6897
Email:
scorpioseven@shaw.ca

Executive Board Members

Denis Richard
Barry Hammond
Mary Mathias
Rita Richard
Valerie Himkowski

Norquay Knights

February 21, 2008

TO WHOM IT MAY CONCERN:

RE: Graffiti Art Programming

Norquay Community Centre, in conjunction with Graffiti Art Programming have developed a wonderful partnership together as of September of 2007. Meagan and Steve are a great asset to the centre and to the community, the children love being involved in their programs , the staff of Graffit Art are just great with the youth , they really enjoy getting envolved in more of the programs that are offered to them from Graffit Art. Their dedication and commitment for the youth programming is to be commended.

This letter is written in the full support of all programs and services , that are provided to our youth and the community of Point Douglas and to expand its programming to six days a week in the near future, with our organization along with Graffit Art Programming , as we move forward into the future for the youth of today.

Yours,

DENIS RICHARD
President

Norquay Community Centre
Executive Board

Eagle Wing Early Education Centre
MIGIZIGWIINGAN....MIKISWIMITAHTAHKWAN
(UNDER THE UMBRELLA OF SISTARS CED CO-OP INC.)

137 Euclid AVE, Wpg, Mb. Ph: 204-947-9411 Fax\: 204 -943-2609 / Cell 204 803-8940
Sistars@mts.net

MAY 10, 2007

To Whom It May Concern:

I am writing to you in support of the Graffiti Art Programming .This program is the golden opportunity that children/Youth of the inner city need. This program gives children/Youth opportunities that they would not normally have, if it where not for the dedicated staff and continued funding sources .Children/Youth have the opportunity to find their inner artist. By providing this opportunity children will learn to make positive choices. They will learn that there are other things in life worth exploring besides life in street gang, working the streets or a life on assistance. This opportunity may well change the course of these young people's lives.

Susanne Williams
Director
Eagle Wing Early education Centre
Charity #828432542 RR0001

David Livingstone Community School

270 Flora Avenue
Winnipeg, Manitoba
R2W 2P9

Mrs. B. Wahl, Principal
Ms D. Lenhardt Mair, Vice-Principal

Phone:(204) 586-8346
Fax: (204) 582-0383

December 2007

To Whom It May Concern :

Re: Graffiti Art Programming

The letter is written to express our support for the programs and services provided by Graffiti Art Programming Inc., to the neighbourhoods of the core area.

GAP and its st.Art program have provided after school programming at David Livingstone Community school since the Spring of 2006. The program is well received by our students and their parents and in our opinion, is a significant benefit to them because is promotes healthy learning and growth while providing them with opportunities to connect with positive adult role models.

As well, we are extremely happy to see that they are continuing to amalgamate some of their programming with Turtle Island Neighborhood Centre and that their successful summer camp was conducted again this past year in which they worked very closey with a summer enrichment program at the school.

The work that they do is crucial to this neighborhood and we look forward to working with GAP in the future.

Respectfully,

Bev Wahl
Principal

Dave Schwab
School Social Worker

Turtle Island Neighborhood Centre Inc.
510 King Street
Winnipeg Manitoba
R2W 3Z5

Phone # (204) 986-8346 Fax # (204) 986-8362

To whom it may concern;

On behalf of the patrons, residents, agencies and clients of Turtle Island Neighborhood Centre and Lord Selkirk Park neighborhood, I would like to voice my support for Graffiti Art Programming Inc.

GAP is an active programmer within our facility and contributes to the growth and development of our children and youth through their innovative art programming.

The time and commitment they make to the kids is fantastic. The staffs often go above and beyond the GAP programs to integrate into other programs around the centre and within the community. The staffs are excellent role models for our primarily Aboriginal clients; it is so nice to have role models from within the cultural community.

We look forward to many more years of working with GAP Inc.

Sincerely,

Terry Grey
Recreation Coordinator

cc: Tim Fergus, Administrative Coordinator

cb/TG

"We All Work Together to Help One Another"

Strengthening Children, Families & Communities Since 1984

December 6, 2007

To Whom It May Concern:

Please accept this letter of our enthusiastic support for the application for funding from Urban Multipurpose Aboriginal Youth Committee for the Graffiti Art Gallery. It has been an honor and privilege to work with this agency for many years.

The Ma Mawi Wi Chi Itata Centre has worked closely with various organizations within the Turtle Island community and are happy to hear about this initiative being taken up in this well deserved community. I am impressed and humbled by the commitment, compassion and determination in your approach of providing free workshops to the youth and children in our community.

Although the Graffiti Art Gallery is not an Aboriginal organization although they continue to support Aboriginal children and youth in strengthening their potential thus strengthen our community. We enthusiastically support this initiative and it is our hope that they are successful in their application for this worthwhile position.

Should you require further information please contact me at 925-0502.

Sincerely,

Diane Redsky
Acting Executive Director

94 McGregor Street	743 Ellice Street	318 Anderson Street	APSP	Circle of Care	Little Sisters
Winnipeg, MB R2W 4V5	Winnipeg, MB R3G 0B5	Winnipeg, MB R2W 1E5			
Tel: (204) 925-0300	Tel: (204) 925-0348	Tel: (204) 925-0349	Tel: (204) 925-0320	Tel: (204) 925-4477	Tel: (204) 925-1778
Fax: (204) 946-5042	Fax: (204) 925-0308	Fax: (204) 925-0306	Fax: (204) 925-0361	Fax: (204) 925-4474	Fax: (204) 925-1771
E-mail: mcgregor@mamawi.com	E-mail: ellice@mamawi.com	Email: anderson@mamawi.com	Email: blake@mamawi.com	Email: spence@mamawi.com	Email: hsls@mamawi.com

NDINAWEMAAGANAG ENDAAWAAD INC.
(OUR RELATIVES HOME)

Safe Home
370 Flora Avenue, Winnipeg, MB R2W 2R5
Tel: (204) 586-2588 Fax: (204) 589-4086

Youth Resource Centre
472 Selkirk Avenue, Winnipeg, MB R2W 2M7
Tel: (204) 589-5545 Fax: (204) 589-4086

Mr. Dennis Connelly
Program Officer
Canadian Heritage
P.O.Box 2160
275 Portage Avenue
Winnipeg, MB
R3C 3R5

December 6, 2007

RE: Graffiti Art Programming Inc.

Dear Mr. Connelly,

This letter is in support of Graffiti Art Programming Inc.'s application for funding to the Department of Canadian Heritage under the UMAYC funding component.

As a community leader of youth serving agencies, Ndinawemaaganag Endaawaad Inc. recognizes and appreciates Graffiti Art Programming Inc.'s unique approach to community development through the arts. Graffiti Art Programming Inc. has been offering free After-School Arts programming and a Summer Art Camp in the neighborhood of Lord Selkirk Park for the last 3 years.

Recently, Ndinawemaaganag Endaawaad Inc. has begun working alongside Graffiti Art Programming Inc. to offer programming to children and youth in an effort to broaden the range of services and opportunities for young people in the neighborhood of Lord Selkirk Park. This arrangement not only serves the children and youth of the neighborhood, but also allows an opportunity for both of our agencies to share information and best practices as they relate to youth programming and community development.

We look forward to continue working with Graffiti Art Programming Inc. in the future and strengthening our affiliation.

Sincerely,

T Christensen

Tammy Christensen, Executive Director
Ndinawemaaganag Endaawaad Inc.

Graffiti Art Programming Inc.

Financial Statements

March 31, 2007

Auditors' Report

To the Directors of Graffiti Art Programming Inc.:

We have audited the statement of financial position of Graffiti Art Programming Inc. as at March 31, 2007 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Graffiti Art Programming Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as noted in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many non-profit organizations, Graffiti Art Programming Inc. derives revenue from donations, 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 Graffiti Art Programming Inc. and therefore we were not able to determine whether any adjustments might be necessary to revenues, excess (deficiency) of revenues over expenses and net assets (deficit).

In our opinion, except for the adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Graffiti Art Programming Inc. as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance Canadian generally accepted accounting principles.

Meyers Norris Penny LLP

Winnipeg, Manitoba

November 11, 2007

Chartered Accountants

Graffiti Art Programming Inc.
Statement of Financial Position
As at March 31, 2007

	2007	2006
Assets		
Current		
Cash	**3,196**	6,833
Accounts receivable	**26,758**	32,902
	29,954	39,735
Capital assets *(Note 3)*	**8,384**	11,680
	38,338	51,415
Liabilities		
Current		
Cheques issued in excess of funds on deposit	**16,861**	-
Accounts payable and accruals *(Note 4)*	**21,097**	20,750
Deferred revenue *(Note 5)*	**7,111**	33,629
Current portion of long-term debt *(Note 6)*	**5,226**	4,560
	50,295	58,939
Long-term debt *(Note 6)*	**8,843**	14,069
	59,138	73,008
Net Assets (Deficit)		
Unrestricted	**(29,184)**	(33,273)
Invested in capital assets	**8,384**	11,680
	(20,800)	(21,593)
	38,338	51,415

Approved on behalf of the Board

Director **Director**

The accompanying notes are an integral part of these financial statements

Graffiti Art Programming Inc.

Statement of Operations

For the year ended March 31, 2007

	2007	*2006*
Revenues		
Art sales	**11,029**	19,761
Mural sales	**38,325**	13,374
Manitoba Education and Training	**-**	2,570
Grants	**434,140**	313,452
Other	**59,459**	38,044
Add: Revenues deferred from prior periods	**33,629**	125,918
Less: Revenues deferred to future periods	**(7,111)**	(33,629)
	569,471	479,490
Expenses		
Administration	**24,262**	29,697
Advertising and promotion	**31,377**	7,760
Artist fees	**92,511**	5,217
Insurance	**1,658**	1,952
Interest and bank charges	**2,722**	2,888
Office	**20,551**	2,078
Professional fees	**2,523**	5,798
Program supplies	**78,383**	50,935
Rental	**27,843**	12,100
Repairs and maintenance	**12,629**	541
Salaries, wages and benefits	**162,011**	217,976
Staff development	**933**	276
Sub-contracts	**95,068**	123,560
Summer art camp	**2,970**	261
Telephone, fax and internet	**6,174**	4,141
Travel	**3,556**	3,384
Utilities	**211**	9,866
	565,382	478,430
Excess of revenues over expenses before amortization	**4,089**	1,060
Amortization	**3,296**	2,559
Excess (deficiency) of revenues over expenses	**793**	(1,499)

The accompanying notes are an integral part of these financial statements

Graffiti Art Programming Inc.

Statement of Change In Net Assets

For Year ended March 31, 2007

	Invested In Capital Assets	Unrestricted	***2007***	*2006*
Balance, beginning of year	11,680	(33,273)	**(21,593)**	(20,094)
Excess (deficiency) of revenues over expenditures for the year	(3,296)	4,089	**793**	(1,499)
Balance, end of year	8,384	(29,184)	**(20,800)**	(21,593)

The accompanying notes are an integrated part of these financial statements

Graffiti Art Programming Inc.

Statement of Cash Flows

For the year ended March 31, 2007

	2007	*2006*
Cash provided by (used for) the following activities		
Operating activities		
Excess (deficiency) of revenues over expenses	**793**	(1,499)
Amortization	**3,296**	2,559
	4,089	1,060
Changes in working capital accounts		
Accounts receivable	**6,145**	88,281
Accounts payable and accruals	**347**	2,066
Deferred revenue	**(26,518)**	(92,289)
	(15,937)	(882)
Financing activities		
Repayments of long-term debt	**(4,561)**	-
Investing activities		
Purchases of tangible capital assets	-	(4,842)
Decrease in cash resources	**(20,498)**	(5,724)
Cash resources, beginning of year	**6,833**	12,557
Cash resources (deficiency), end of year	**(13,665)**	6,833
Cash deficiency are composed of:		
Cash	**3,196**	6,833
Cheques issued in excess of funds on deposit	**(16,861)**	-
	(13,665)	6,833
Supplementary cash flow information		
Interest paid	**2,722**	2,888

The accompanying notes are an integral part of these financial statements

1. Form of organization

Graffiti Art Programming Inc. is a not-for-profit organization incorporated on March 9, 2000 under the Corporations Act of Manitoba. The Organization is a community youth art centre established to provide an outlet for training and education in graphic arts and related forms of artistic expression. It aims to use art as a tool for community development, social change and individual growth. The Organization is exempt from corporate tax under section 149(1) of the income Tax Act.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include using the following significant accounting policies:

Capital assets

Capital assets are recorded at cost. Amortization is provided using the declining balance method at rates intended to amortize the cost of assets over their estimated useful lives.

	Method	Rate
Computer equipment	declining balance	30 %
Computer software	declining balance	100 %
Equipment	declining balance	20 %
Office equipment	declining balance	20 %

One-half the normal rate of amortization is recorded in the year of acquisition.

Long-lived assets

Long-lived assets consists of equipment. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Organization performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying value of an asset, or group of assets, may not be recoverable. Impairment losses are recognized when undiscounted future cash flows from its use and disposal are less than the asset's carrying amount. Impairment is measured as the amount by which the asset's carrying value exceeds its fair value. Any impairment is included in operations for the year.

Prices for similar items are used to measure fair value of long-lived assets.

Revenue recognition

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

Contributed Services

A large number of people have volunteered significant amount of their time to Graffiti Art Inc. No objective basis is available to measure the value of this significant contribution and no amount has been reflected in these financial statements for these services

Measurement uncertainty (use of estimates)

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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. Provision is made for amortization of tangible capital assets based on an estimate of their useful lives.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in earnings in the periods in which they become known.

Financial instruments

Financial instruments includes cash, accounts receivable, accounts payable, and loans payable. Unless otherwise stated, it is management's opinion that the Organization is not exposed to significant interest, currency or credit risks arising from these financial instruments. Unless indicated, the book value of the Organization's financial instruments approximate their fair value.

Recent accounting pronouncements

In January 2005, the Canadian Institute of Chartered Accountants issued new recommendations for the recognition and measurement of financial instruments, and amendments to the existing presentation and disclosure standards, effective for interim and annual financial statements with fiscal years beginning on or after October 1, 2007.

Transitional provisions are complex and vary based on the type of financial instruments under consideration. Therefore, the Organization has not yet determined the effect of these new standards on its financial statements.

3. Capital assets

	Cost	*Accumulated amortization*	*2007 Net book value*	*2006 Net book value*
Computer equipment	**18,711**	**11,992**	**6,719**	9,600
Computer software	**1,985**	**1,985**	**-**	-
Equipment	**2,105**	**1,243**	**862**	1,078
Office equipment	**1,958**	**1,155**	**803**	1,002
	24,759	**16,375**	**8,384**	11,680

4. Accounts payable and accruals

	2007	*2006*
Trade accounts payable	**6,616**	14,507
Employee benefits payable	**8,369**	4,079
Vacation pay payable	**6,112**	2,164
	21,097	20,750

5. Deferred revenue

	2007	*2006*
Human Resources and Skills Development Canada	**7,111**	33,629

6. Long-term debt

	2007	*2006*
Term loan from Safekey International. The payment terms are $500 per month. Interest is calculated at 5.5% and the loan is not secured.	**14,069**	18,629
Less: current portion	**5,226**	4,560
	8,843	14,069

Principal repayments on long-term debt in each of the next three years are estimated as follows:

2008	5,226
2009	5,514
2010	3,329

7. Economic dependence

The organization's primary source of funding is through government grants and funds from philanthropic organizations. The organization's ability to continue viable operations is dependant upon maintaining these grants.

8. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.