

The Durham Art Gallery
251 George Street East
PO Box 1021
Durham, Ontario
N0G 1R0

June 5, 2024

HGK PARTNERS LLP
Chartered Professional Accountants
Licensed Public Accountants
67 Frid Street, Unit 5
Hamilton, Ontario
L8P 4M3

Dear Sirs:

This representation letter is provided in connection with your audit of the financial statements of The Durham Art Gallery for the period ended December 31, 2023, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with Canadian accounting standards for not for profit organizations (ASPNO).

In making the representations outlined below, we took the time necessary to appropriately inform ourselves on the subject matter through inquiries of entity personnel with relevant knowledge and experience, and, where appropriate, by inspecting supporting documentation.

We confirm that (to the best of our knowledge and belief):

1. Financial Statements

We have fulfilled our responsibilities as set out in the terms of the audit engagement dated November 3, 2023 for:

- a. Preparing and fairly presenting the financial statements in accordance with Canadian accounting standards for not for profit organizations (ASPNO):
- b. Providing you with:
 - i. Access to all information of which we are aware that is relevant to the preparation of the financial statements, such as:
 - A. Accounting records, supporting data and other relevant documentation,
 - B. Minutes of meetings (such as shareholders, board of directors and audit committees) or summaries of actions taken for which minutes have not yet been prepared, and
 - C. Information on any other matters, of which we are aware, that is relevant to the preparation of the financial statements;
 - ii. Additional information that you have requested from us for the purpose of the audit; and
 - iii. Unrestricted access to persons within the entity from whom you determine it necessary to obtain audit evidence.

- c. Ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements; and
- d. Designing and implementing such internal control as we determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. We have also communicated to you any deficiencies in the design and implementation or the maintenance of internal control over financial reporting of which management is aware.

2. Fraud and Non-Compliance

We have disclosed to you:

- a. All of our knowledge in relation to actual, alleged or suspected fraud affecting the entity's financial statements involving:
 - i. Management;
 - ii. Employees who have significant roles in internal control; or
 - iii. Others where the fraud could have a material effect on the financial statements;
- b. All of our knowledge in relation to allegations of fraud or suspected fraud communicated by employees, former employees, analysts, regulators or others;
- c. All known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements that should be considered when preparing the financial statements;
- d. All known, actual, or possible litigation and claims that should be considered when preparing the financial statements; and
- e. The results of our risk assessments regarding possible fraud or error in the financial statements.

3. Related Parties

We confirm that there were no related-party relationships or transactions that occurred during the period.

4. Estimates

We acknowledge our responsibility for determining the accounting estimates required for the preparation of the financial statements in accordance with Canadian accounting standards for not for profit organizations (ASPNO):. Those estimates reflect our judgment based on our knowledge and experience of past and current events, and on our assumptions about conditions we expect to exist and courses of action we expect to take. We confirm that the significant assumptions and measurement methods used by us in making accounting estimates, including those measured at fair value, are reasonable.

5. Subsequent Events

All events subsequent to the date of the financial statements and for which Canadian accounting standards for not for profit organizations (ASPNO): requires adjustment or disclosure have been adjusted or disclosed.

6. Commitments and Contingencies

There are no commitments, contingent liabilities/assets or guarantees (written or oral) that

should be disclosed in the financial statements. This includes liabilities arising from contract terms, illegal acts or possible illegal acts, and environmental matters that would have an impact on the financial statements.

7. Adjustments

We have reviewed, approved and recorded all of your proposed adjustments to our accounting records. This includes journal entries, changes to account coding, classification of certain transactions and preparation of, or changes to, certain accounting records.

8. Misstatements

The effects of uncorrected misstatements are immaterial, individually and in aggregate, to the financial statements as a whole. There were none

9. Other Representations

Contractual Compliance

We have complied with the terms and conditions of all contractual agreements that could have a material effect, in the event of non-compliance, on the financial statements.

Direct Liabilities

We have recorded in the accounts all known liabilities of our entity as at December 31, 2023 except for trivial amounts.

Investments

All marketable securities owned by us are recorded in the accounts. The marketable securities are measured at fair value. All income earned for the year ended December 31, 2023 on these securities has been recognized in earnings along with any transaction costs incurred and changes in fair value.

Fair Values

We confirm that the significant assumptions used in arriving at the fair values of financial instruments as measured and disclosed in the financial statements are reasonable and appropriate in the circumstances.

Financial Instruments

We have properly recorded all financial assets of equity instruments quoted on an active market at fair value.

We confirm that the significant assumptions used in arriving at the fair values of financial instruments, as measured and disclosed (when required) in the financial statements are reasonable and appropriate in the circumstances.

We have evaluated whether there are indicators of impairment for all financial assets measured at cost or amortized cost, and where there has been a significant adverse change in the expected timing or amount of future cash flows from a financial asset or group of similar financial assets, we have assessed whether a reduction in the carrying value is necessary.

When an impairment is necessary, the carrying amount of the asset, or group of assets, has been reduced to the highest of the cash flows expected to be generated by holding the asset, the amount that could be realized by selling the asset and the amount that the entity expects to realize by exercising any right to collateral held to secure repayment of the asset net of all costs necessary to exercise those rights. The amount of the decline in fair value

has been included in net income in the period incurred.

Impairment of Long-lived Assets

We have evaluated long-lived assets for recoverability whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable. Management acknowledges that when the long-lived asset is not recoverable, an impairment loss is recognized in earnings at the amount by which the carrying amount exceeds its fair value.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost. We have good and valid title to all items of property and equipment reflected in the accounts relating thereto, and there are no liens or encumbrances on our assets except as disclosed in the financial statements. During the year ended December 31, 2023, no material amounts relating to additions or improvements of property, plant and equipment were charged to expense. The provision for amortization is based on the method as disclosed in the notes to the financial statements.

The property, leasehold improvement and equipment accounts, and the related allowances for amortization have been adjusted for all important items of such assets that were idle, obsolete, sold, dismantled, abandoned or otherwise disposed of for the period ended December 31, 2023 and for all prior periods.

We have evaluated property, plant and equipment for recoverability in accordance with the provisions of the CPA Canada Handbook – Accounting, Part II, Section 3063 (Impairment of Long-Lived Assets). Impairment losses have been recognized in earnings when required.

Regulatory Compliance

We are up to date with all corporate filings and annual information returns. This includes all Canada Revenue Agency and HST/GST/PST returns.

Compliance with Funding and Grant Agreements

We have disclosed to you all known instances of non-compliance or suspected non-compliance with our funding and grant agreements. There were none.

Activity or Conduct That Would Jeopardize Tax-exempt Status

To the best of our knowledge, we are not and have not been involved in any conduct or activity that would jeopardize our tax-exempt status. Our charitable status for the ETF has not been revoked.

Donation Receipting

The ETF, as a charity, is eligible to issue charitable donation receipts. Official donation receipts are issued and valued in accordance with the applicable laws and regulations surrounding the charity.

Accounting Policies

The selection and application of accounting policies are appropriate. All significant accounting policies are disclosed in the financial statements and are consistent with those used in the previous period

Future Plans

We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the financial statements.

Yours truly,

_____ Title: _____

Name of Chief Executive Officer, or equivalent, and title

_____ Title: _____

Name of Chief Financial Officer, or equivalent, and title