

**Community Arts & Heritage  
Education Project  
Financial Statements  
June 30, 2007**

**Grant Thornton** 

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Grant Thornton LLP  
Chartered Accountants  
Management Consultants

## Auditors' Report

To the Directors of  
**Community Arts & Heritage Education Project**

We have audited the balance sheet of **Community Arts & Heritage Education Project** as at June 30, 2007 and the statements of operations and net assets and cash flows for the six month period then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained 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 not-for-profit organizations, the **Community Arts & Heritage Education Project** derives a portion of its revenue from donations and fundraising, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of the **Community Arts & Heritage Education Project** and we were unable to determine whether any adjustments for unrecorded revenue might be necessary to donations and fundraising revenue, excess of revenues over expenses for the period, assets and fund balances, end of period.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of donations and fundraising revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the **Community Arts & Heritage Education Project** as at June 30, 2007 and the results of its operations and changes in net assets and its cash flows for the period then ended in accordance with Canadian generally accepted accounting principles.

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Thunder Bay, Canada  
October 2, 2007

Chartered Accountants  
Licensed Public Accountants

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## Community Arts & Heritage Education Project Statement of Operations and Net Assets

Six month period ended June 30, 2007

(with comparative figures for the  
year ended December 31, 2006)

|   | 2007       | 2006           |
|---|------------|----------------|
|   | \$         | \$             |
| <b>REVENUES</b>   |            |                |
| Admissions, fees and workshops                                      | 4,490      | 5,009          |
| Private sector contributions  | 11,645     | 6,000          |
| Grants and funding <i>[note 4]</i>                                  | 80,811     | 60,745         |
|   | 96,946     | 71,754         |
| <b>EXPENSES</b>   |            |                |
| Administrative expenses, salaries and benefits                      | 37,320     | 18,481         |
| Artistic salaries and benefits                                      | 10,000     | 16,138         |
| Artists' fees   | 22,881     | 13,422         |
| Board and staff development   | 209        | 4,969          |
| Marketing and promotion   | 712        | 1,417          |
| Office  | 4,446      | 3,685          |
| Professional fees   | 2,860      | 1,500          |
| Programming   | 16,207     | 10,589         |
| Rent  | 1,529      | 1,973          |
| Resource production   | —          | 2,046          |
|   | 96,164     | 74,220         |
| <b>Excess (deficiency) of revenues over<br/>expenses for period</b> | <b>782</b> | <b>(2,466)</b> |
| Net assets, beginning of period                                     | 123        | 2,589          |
| <b>Net assets, end of period</b>                                    | <b>905</b> | <b>123</b>     |

See accompanying notes to the financial statements.

## Community Arts & Heritage Education Project Balance Sheet

As at June 30, 2007

(with comparative figures as at December 31, 2006)

|  | 2007          | 2006          |
|--|---------------|---------------|
|  | \$            | \$            |
| <b>ASSETS</b>                            |               |               |
| <b>Current</b>                           |               |               |
| Cash and cash equivalents                | 60,131        | 77,014        |
| Accounts receivable                      | 325           | 643           |
|  | 60,456        | 77,657        |
| <b>LIABILITIES AND NET ASSETS</b>        |               |               |
| <b>Current</b>                           |               |               |
| Accounts payable and accrued liabilities | 2,302         | 1,393         |
| Deferred revenue <i>[note 3]</i>         | 57,249        | 76,141        |
| <b>Total current liabilities</b>         | <b>59,551</b> | <b>77,534</b> |
| <b>Net assets</b>                        |               |               |
| Unrestricted                             | 905           | 123           |
|  | 60,456        | 77,657        |

See accompanying notes to the financial statements.

On behalf of the Board:

Director

*D. Lawe*

Director

*Sharon Dodwin*

## Community Arts & Heritage Education Project Statement of Cash Flows

Six month period ended June 30, 2007

(with comparative figures for the  
year ended December 31, 2006)

|  | 2007            | 2006          |
|--|-----------------|---------------|
|  | \$              | \$            |
| <b>OPERATING ACTIVITIES</b>  |                 |               |
| Excess (deficiency) of revenues over expenses<br>for period                              | 782             | (2,466)       |
| Net change in non-cash working capital balances<br>related to operations <i>[note 5]</i> | (17,665)        | 52,136        |
| <b>Cash provided by (used in) operating activities</b>                                   | <b>(16,883)</b> | <b>49,670</b> |
| <br>   |                 |               |
| Increase (decrease) in cash and cash<br>equivalents during period                        | (16,883)        | 49,670        |
| Cash and cash equivalents, beginning of period   | 77,014          | 27,344        |
| <b>Cash and cash equivalents, end of period</b>  | <b>60,131</b>   | <b>77,014</b> |

See accompanying notes to the financial statements.

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# Community Arts & Heritage Education Project

## Notes to the Financial Statements

June 30, 2007

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### 1. NATURE OF ORGANIZATION

The Community Arts & Heritage Education Project (CAHEP) is incorporated without share capital under the laws of the Province of Ontario and is a registered charity under the Income Tax Act.

CAHEP was established to envision, develop and implement inclusive, culturally diverse, high quality inter-generational arts and heritage programming for the benefit of the Thunder Bay community. CAHEP is created for non-profit purposes. No part of any profit, dues or donations to the organization shall be used to the benefit of any member or individual.

As a result of its not-for-profit status, CAHEP is exempt from the payment of income taxes under one or more provisions of the Income Tax Act (Canada).

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### Basis of presentation

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles and are within the framework of the significant accounting policies summarized below.

#### Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and in banks.

#### Revenue recognition

CAHEP follows the deferral method of accounting for contributions. 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. Contributions externally restricted are deferred and recognized as revenue in the year in which the expenses are recognized.

Unrestricted donations are recorded on a cash basis since pledges are not legally enforceable claims.

Interest, fundraising and other revenues are recognized as revenue when received or receivable based on the period in which they are earned.

# Community Arts & Heritage Education Project

## Notes to the Financial Statements

June 30, 2007

### 3. DEFERRED REVENUE

Deferred revenue at period-end consists of:

|  | 2007<br>\$    | 2006<br>\$    |
|--|---------------|---------------|
| After School Program - RBC Foundation  | 3,500         | 15,296        |
| FEDNOR   | 151           | —             |
| Teaching Drum  | 1,000         | —             |
| RBC After School Program - Thunder Bay<br>Community Foundation               | —             | 2,000         |
| Action for Neighbourhood Change - United Way                                 | —             | 2,483         |
| Excluded Children and Youth Program - ECY<br>Partners                        | 2,500         | 5,000         |
| Artists in the Fifth - RBC Foundation  | —             | 3,000         |
| Thunder Bay Boys & Girls Club - Ontario Arts<br>Council                      | 2,290         | —             |
| TBCDSB - St. Paul After School Program                                       | 6,000         | —             |
| Operating Funding - Ontario Arts Council                                     | —             | 4,788         |
| Aboriginal Arts Education Project - Ontario Arts<br>Council                  | 200           | 11,149        |
| Cultural Funding Program - City of Thunder Bay                               | —             | 1,000         |
| Community Arts & Heritage Education Project -<br>Ontario Trillium Foundation | 41,608        | 31,425        |
|  | <b>57,249</b> | <b>76,141</b> |

### 4. GRANTS AND FUNDING

Government grants and funding at period-end consist of:

|   | 2007<br>\$    | 2006<br>\$    |
|---|---------------|---------------|
| Trillium Foundation                       | 26,017        | 4,876         |
| FEDNOR                                    | 6,724         | —             |
| CAHEP Resource Book - Ministry of Culture | —             | 2,918         |
| Ontario Arts Council                      | 15,737        | 15,212        |
| Board development                         | —             | 5,000         |
| Thunder Bay Boys & Girls Club             | 4,412         | —             |
| Freedom Documentation Project             | —             | 3,505         |
| Artists in the 5th                        | —             | 9,262         |
| Motus 0                                   | —             | 4,500         |
| Municipal - Arts & Heritage Thunder Bay   | 3,500         | —             |
| Action for Neighbourhood Change           | 5,733         | 768           |
| RBC Foundation - Afterschool project      | 18,688        | 14,704        |
|   | <b>80,811</b> | <b>60,745</b> |



# Community Arts & Heritage Education Project Notes to the Financial Statements

June 30, 2007

## 5. STATEMENT OF CASH FLOWS

The net change in non-cash working capital balances related to operations consists of the following:

|   | 2007     | 2006   |
|---|----------|--------|
|   | \$       | \$     |
| <b>Decrease (increase) in current assets</b>      |          |        |
| Accounts receivable                               | 318      | (643)  |
| <b>Increase (decrease) in current liabilities</b> |          |        |
| Accounts payable and accrued liabilities          | 909      | 323    |
| Deferred revenue                                  | (18,892) | 52,456 |
|   | (17,983) | 52,779 |
|   | (17,665) | 52,136 |

## 6. FINANCIAL INSTRUMENTS

### [a] Fair value

Financial instruments of CAHEP consist mainly of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities. The carrying values of these financial assets and liabilities approximate their fair values due to their short maturities.

### [b] Credit risk

CAHEP does not believe it is subject to any significant concentration of credit risk.

### [c] Interest rate risk

CAHEP does not believe it is subject to any significant concentration of interest rate risk.

## 7. COMPARATIVE FINANCIAL STATEMENTS

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the 2007 financial statements.

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2007 FINANCIAL STATEMENTS.

10 Pages (including this one)

Thanks! Please: don't hesitate to call  
with any questions.