

Financial Statements

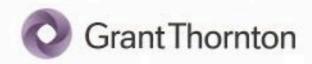
Community Arts & Heritage Education Project

June 30, 2008

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Auditors' Report

To the Directors of Community Arts & Heritage Education Project Grant Thornton LLP 979 Alloy Drive Thunder Bay, ON P78 528

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We have audited the balance sheet of Community Arts & Heritage Education Project as at June 30, 2008 and the statements of operations and net assets and cash flows for the year 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 year, assets and net assets, end of year.

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, 2008 and the results of its operations and changes in net assets and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Thunder Bay, Canada October 8, 2008

Chartered Accountants Licensed Public Accountants

Grant Thornton LLP

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

Year ended June 30, 2008 (with comparative figures for the six month period ended June 30, 2007) 2008 2007 REVENUES Admissions, fees, sales and fundraising 20,374 4,490 Private sector contributions 16,650 11,645 165,853 Grants and funding [note 4] 80,811 202,877 96,946 **EXPENSES** Administrative expenses, salaries and benefits 82,935 35,720 20,000 Artistic salaries and benefits 10,000 Artists' fees 40,260 22,881 Board and staff development 209 Marketing and promotion 4,119 712 11,857 6.046 Professional fees 3,088 2,860 Programming 36,215 16,207 Rent 3,058 1,529 Resource production 1,270 202,877 96,164 Excess of revenues over expenses for year 782 905 123 Net assets, beginning of year

905

See accompanying notes to the financial statements.

Net assets, end of year



905

Community Arts & Heritage Education Project Balance Sheet

As at June 30	2008	2007
	\$	\$
ASSETS		
Current		
Cash and cash equivalents	71,706	60,131
Accounts receivable	634	325
Prepaid expenses	592	
	72,932	60,456
LIABILITIES AND NET ASSETS		
Current		0.000
Accounts payable and accrued liabilities	3,274	2,302
Deferred revenue [note 3]	68,753	57,249
Total current liabilities	72,027	59,551
Net assets		
Jnrestricted	905	905
	72,932	60,456

See accompanying notes to the financial statements.

On behalf of the Board:

Shaum Dodwin

Q. Sawchuk Director



Community Arts & Heritage Education Project Statement of Cash Flows

Year ended June 30, 2008 (with comparative figures for the six 2008 month period ended June 30, 2007) 2007 **OPERATING ACTIVITIES** 782 Excess of revenues over expenses for year Net change in non-cash working capital balances (17,665)related to operations [note 5] 11,575 11,575 (16,883)Cash provided by (used in) operating activities Increase (decrease) in cash and cash 11,575 (16,883)equivalents during year Cash and cash equivalents, beginning of year 60,131 77,014 71,706 Cash and cash equivalents, end of year 60,131

See accompanying notes to the financial statements.



Community Arts & Heritage Education Project Notes to the Financial Statements

June 30, 2008

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

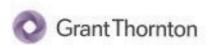
Cash and cash equivalents consist of cash on hand and in banks.

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, 2008

3. DEFERRED REVENUE

Deferred revenue at year-end consists of:

	2008	2007
	S	\$
After School Program - RBC Foundation	5 <u>2</u> 21	3,500
FEDNOR	-	151
Teaching Drum	32 <u></u> 37	1,000
Artists in the Fifth - Thunder Bay Community		
Foundation	1,500	_
Arts Foundation of Ontario	9,500	-
Excluded Children and Youth Program - ECY		
Partners	2,500	2,500
Artists in the Fifth - RBC Foundation	3,000	_
Thunder Bay Boys & Girls Club - Ontario Arts		
Council	_	2,290
TBCDSB - St. Paul After School Program	-	6,000
Operating Grant - Ontario Arts Council	5,520	_
Aboriginal Arts Education Project - Ontario Arts		
Council		200
City of Thunder Bay Cultural Services - Operating	7,899	
Community Arts & Heritage Education Project -		
Ontario Trillium Foundation	38,834	41,608
	68,753	57,249

4. GRANTS AND FUNDING

Government grants and funding at year-end consist of;

	2008	2007 \$
Trillium Foundation	83,274	26,017
FEDNOR	20,776	6,724
Canadian Heritage Federal Funding	5,350	30.443
Ontario Arts Council	20,610	15,737
Uth Ink - Playwrights Guild of Canada	3,952	00000
Thunder Bay Boys & Girls Club	2,290	4,412
Municipal - Arts & Heritage Thunder Bay	2,101	3,500
Action for Neighbourhood Change		5,733
RBC Foundation - Afterschool project	27,500	18,688
	165,853	80,811



Community Arts & Heritage Education Project Notes to the Financial Statements

June 30, 2008

5. STATEMENT OF CASH FLOWS

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

	2008	2007 \$
Decrease (increase) in current assets		
Accounts receivable	(309)	318
Prepaid expenses	(592)	
	(901)	318
Increase (decrease) in current liabilities		
Accounts payable and accrued liabilities	972	909
Deferred revenue	11,504	(18,892)
Notice of the Control	12,476	(17,983)
	11,575	(17,665)

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 2008 financial statements.

Comparative figures represent the six month period ended June 30, 2007.

