



Financial Statements

Community Arts & Heritage Education Project

June 30, 2009

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Grant Thornton

Auditors' Report

To the Directors of
Community Arts & Heritage Education Project

Grant Thornton LLP

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We have audited the balance sheet of Community Arts & Heritage Education Project as at June 30, 2009 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 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, 2009 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.

Grant Thornton LLP

Thunder Bay, Canada
November 6, 2009

Chartered Accountants
Licensed Public Accountants

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

Year ended June 30	2009	2008
	\$	\$
REVENUES		
Admissions, fees, sales and fundraising	56,456	20,374
Private sector contributions	19,423	16,650
Grants and funding <i>[note 5]</i>	176,015	165,853
	251,894	202,877
EXPENSES		
Administrative expenses, salaries and benefits	83,440	82,935
Artistic salaries and benefits	25,000	20,000
Artists' fees	42,870	40,260
Board and staff development	193	75
Marketing and promotion	2,731	4,119
Office	10,959	11,857
Professional fees	3,638	3,088
Programming	56,669	36,215
Rent	3,058	3,058
Resource production	1,236	1,270
	229,794	202,877
Excess of revenues over expenses for year	22,100	—
Net assets, beginning of year	905	905
Net assets, end of year	23,005	905

See accompanying notes to the financial statements.

Community Arts & Heritage Education Project

Balance Sheet

As at June 30

	2009	2008
	\$	\$
ASSETS		
Current		
Cash and cash equivalents	101,149	71,706
Accounts receivable	9,215	634
Prepaid expenses	420	592
	110,784	72,932
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities	17,641	3,274
Deferred revenue <i>[note 4]</i>	70,138	68,753
Total current liabilities	87,779	72,027
Net assets		
Internally restricted <i>[note 8]</i>	16,800	—
Unrestricted	6,205	905
Total net assets	23,005	905
	110,784	72,932

See accompanying notes to the financial statements.

On behalf of the Board:

Shara Pottinger
 Director
 SHARA POTTINGER

Sharon Godwin
 Director
 SHARON GODWIN

Community Arts & Heritage Education Project Statement of Cash Flows

Year ended June 30	2009	2008
	\$	\$
OPERATING ACTIVITIES		
Excess of revenues over expenses for year	22,100	—
Net change in non-cash working capital balances related to operations <i>[note 6]</i>	7,343	11,575
Cash provided by operating activities	29,443	11,575
Increase in cash and cash equivalents during year		
	29,443	11,575
Cash and cash equivalents, beginning of year	71,706	60,131
Cash and cash equivalents, end of year	101,149	71,706

See accompanying notes to the financial statements.

Community Arts & Heritage Education Project

Notes to the Financial Statements

June 30, 2009

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.

Financial instruments

The Organization has classified cash and cash equivalents as held-for-trading, accounts receivable as loans and receivables, accounts payable and accrued liabilities as other financial liabilities.

The standards require that financial assets are classified as held-for-trading (HFT), held-to-maturity (HTM), available for sale (AFS) or loans and receivables (L&R). Financial liabilities are classified as HFT or other financial liabilities (OFL). Financial assets and liabilities are initially recognized at fair value with the subsequent measurement based on classification. The classification depends on the purpose for which the financial instruments were acquired, their characteristics and choice where applicable.

All financial instruments, including derivatives, are measured at fair value except for L&R, HTM and OFL which are measured at amortized cost using the effective interest method. Changes in the fair value of HFT instruments are recognized in the statement of operations and net assets. Changes in the unrealized gains and losses of AFS investments are recognized in the statement of operations and net assets. Investment income comprising interest, dividends and realized gains and losses is recognized in the statement of operations and net assets.

Fair values are based on quoted market values where available from active markets, otherwise fair values are estimated using a variety of valuation techniques and models.

Community Arts & Heritage Education Project

Notes to the Financial Statements

June 30, 2009

Transactions costs related to HFT instruments are expensed as incurred. Transaction costs related to other than HFT instruments are capitalized and amortized using the effective interest method.

The Organization has chosen to apply Handbook Section 3861, "Financial Instruments - Disclosure and Presentation" in place of Handbook Sections 3862, "Financial Instruments - Disclosure" and 3863, "Financial Instruments - Presentation" as permitted by the CICA Handbook.

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.

3. FUTURE ACCOUNTING STANDARDS

During the year, several changes were made to the accounting standards under the CICA Handbook, which may impact future accounting practices for not-for-profit organizations such as the CAHEP. These changes include Section 1535, "Capital Disclosures" requiring disclosures about compliance with external capital requirements; Section 1540, "Cash Flow Statements" aligning the presentation of a Statement of Cash Flows with the other parts of the CICA Handbook; Section 4400, "Financial Statement Presentation" and Section 4430, "Capital Assets" permitting CAHEP to present net assets invested in equipment as a category of internally restricted net assets; Section 4460, "Related Party Transactions" which has been amended to align the definition of related parties with Section 3840, and Section 4470, "Disclosure of Allocated Expenses" which establishes disclosure standards for the classification of these expenses. CAHEP is currently assessing the impact of these changes on its financial reporting for the 2009/10 fiscal year, when these changes take effect.

Community Arts & Heritage Education Project

Notes to the Financial Statements

June 30, 2009

4. DEFERRED REVENUE

Deferred revenue at year-end consists of:

	2009 \$	2008 \$
North of Superior Film Association	2,000	—
Andrews Foundation	2,000	—
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
Artists in the Fifth - RBC Foundation	—	3,000
Ontario Trillium Foundation - Excluded Children and Youth Program	4,442	38,834
Ontario Trillium Foundation - Province Wide Rollout	49,796	—
Operating Grant - Ontario Arts Council	—	5,520
City of Thunder Bay Cultural Services - Operating	10,400	7,899
United Way	1,500	—
	70,138	68,753

5. GRANTS AND FUNDING

Government grants and funding at year-end consist of:

	2009 \$	2008 \$
Trillium Foundation	79,196	83,274
ECY Partner Contributions	2,500	—
FEDNOR	—	20,776
Canadian Heritage Federal Funding	5,800	5,350
Ontario Arts Council	52,520	20,610
Uth Ink - Playwrights Guild of Canada	—	3,952
Thunder Bay Boys & Girls Club	—	2,290
Municipal - Arts & Heritage Thunder Bay	8,499	2,101
Northern Ontario Heritage Fund	7,500	—
RBC Foundation - Afterschool project	20,000	27,500
	176,015	165,853

Community Arts & Heritage Education Project

Notes to the Financial Statements

June 30, 2009

6. STATEMENT OF CASH FLOWS

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

	2009	2008
	\$	\$
Decrease (increase) in current assets		
Accounts receivable	(8,581)	(309)
Prepaid expenses	172	(592)
	(8,409)	(901)
Increase (decrease) in current liabilities		
Accounts payable and accrued liabilities	14,367	972
Deferred revenue	1,385	11,504
	15,752	12,476
	7,343	11,575

7. 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.

8. INTERNAL RESTRICTIONS

In 2009, the Board internally restricted net assets of \$16,800 [2008 - \$nil] to fund upcoming costs related to Executive Director transition and staff succession.