



Grant Thornton

Financial Statements

Community Arts & Heritage Education Project

June 30, 2010

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## Auditors' Report

To the Directors of  
Community Arts & Heritage Education Project

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We have audited the balance sheet of Community Arts & Heritage Education Project as at June 30, 2010 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, 2010 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 11, 2010

Chartered Accountants  
Licensed Public Accountants



# Community Arts & Heritage Education Project

## Balance Sheet

As at June 30	2010	2009
	\$	\$
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	107,704	101,149
Accounts receivable	11,249	9,215
Prepaid expenses	2,640	420
	<b>121,593</b>	<b>110,784</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	4,087	17,641
Deferred revenue <i>(note 4)</i>	75,532	70,138
<b>Total current liabilities</b>	<b>79,619</b>	<b>87,779</b>
<b>Net assets</b>		
Internally restricted <i>(note 8)</i>	16,800	16,800
Unrestricted	25,174	6,205
<b>Total net assets</b>	<b>41,974</b>	<b>23,005</b>
	<b>121,593</b>	<b>110,784</b>

See accompanying notes to the financial statements.

On behalf of the Board:

*Shawn Flitting*

Director

*Shawn Bodurra*

Director

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# Community Arts & Heritage Education Project

## Notes to the Financial Statements

June 30, 2010

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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.

#### 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.

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# Community Arts & Heritage Education Project

## Notes to the Financial Statements

June 30, 2010

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Transaction 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, can be measured and collectability is assured.

### 3. ACCOUNTING CHANGES

During the year, CAHEP adopted several changes that were made to the accounting standards under the CICA Handbook for not-for-profit organizations. The adopted accounting 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 adopted these changes July 1, 2009 and these accounting standards did not have any impact on its financial reporting for the fiscal year.



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

June 30, 2010

### 4. DEFERRED REVENUE

Deferred revenue at year-end consists of:

	2010 \$	2009 \$
North of Superior Film Association	—	2,000
Andrews Foundation	—	2,000
Johansen-Larsen Foundation	5,000	—
Ontario Trillium Foundation - Excluded Children and Youth Program	—	4,442
Ontario Trillium Foundation - Province Wide Rollout	43,803	49,796
Strategic Collaboration Fund and Compass Grant - Ontario Arts Council	21,342	—
City of Thunder Bay Cultural Services - Operating	3,887	10,400
United Way	1,500	1,500
	<b>75,532</b>	<b>70,138</b>

### 5. GRANTS AND FUNDING

Government grants and funding at year-end consist of:

	2010 \$	2009 \$
Trillium Foundation	95,835	79,196
ECY Partner Contributions	—	2,500
Canadian Heritage Federal Funding	6,000	5,800
Ontario Arts Council	65,158	52,520
Municipal - Arts & Heritage Thunder Bay	17,678	8,499
Northern Ontario Heritage Fund	14,629	7,500
RBC Foundation - Afterschool project	20,000	20,000
	<b>219,300</b>	<b>176,015</b>

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# Community Arts & Heritage Education Project

## Notes to the Financial Statements

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June 30, 2010

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### 6. STATEMENT OF CASH FLOWS

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

	2010	2009
	\$	\$
<b>Decrease (increase) in current assets</b>		
Accounts receivable	(2,034)	(8,581)
Prepaid expenses	(2,220)	172
	<b>(4,254)</b>	<b>(8,409)</b>
<b>Increase (decrease) in current liabilities</b>		
Accounts payable and accrued liabilities	(13,554)	14,367
Deferred revenue	5,394	1,385
	<b>(8,160)</b>	<b>15,752</b>
	<b>(12,414)</b>	<b>7,343</b>

### 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

The Organization has internally restricted net assets of \$16,800 [2009 - \$16,800] to fund upcoming costs related to Executive Director transition and staff succession.

### 9. CHANGE TO THE FINANCIAL STATEMENTS

These financial statements differ from those dated November 11, 2010 in that the title "Operating and Compass Grant - Ontario Arts Council" was changed to "Strategic Collaboration Fund and Compass Grant - Ontario Arts Council" in note 4.

