



Grant Thornton

Financial Statements

Community Arts & Heritage Education Project

June 30, 2016

# Contents

	<b>Page</b>
Independent Auditor's Report	1 - 2
Statement of Operations and Changes in Net Assets	3
Statement of Financial Position	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 - 10



## Independent Auditor's Report

**Grant Thornton LLP**

979 Alloy Drive  
Thunder Bay, ON  
P7B 5Z8

T +1 807 345 6571  
+1 800 446 4794 (Toll Free)  
F +1 807 345 0032  
E ThunderBay@ca.gt.com  
www.GrantThornton.ca

To the Directors of  
Community Arts & Heritage Education Project

We have audited the accompanying financial statements of Community Arts & Heritage Education Project which comprise the statement of financial position as at June 30, 2016 and the statements of operations and changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

**Basis for qualified opinion**

In common with many not-for-profit organizations, Community Arts & Heritage Education Project derives a portion of its revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the accounts of the Community Arts & Heritage Education Project and we were unable to determine whether any adjustments might be necessary to revenues, excess of revenues over expenses, assets and net assets.

**Qualified opinion**

In our opinion, except for the effects of the matters described in the Basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Community Arts & Heritage Education Project as at June 30, 2016 and the results of its operations, and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



Thunder Bay, Canada  
December 8, 2016

Chartered Professional Accountants  
Licensed Public Accountants

## Community Arts & Heritage Education Project

### Statement of Operations and Changes in Net Assets

Year ended June 30	2016	2015
	\$	\$
<b>REVENUES</b>		
Admissions, sales and fundraising	3,081	843
Fees	24,708	14,950
Grants and funding [note 4]	82,000	65,386
Private sector contributions	11,981	17,968
	121,770	99,147
<b>EXPENSES</b>		
Administrative expenses, salaries and benefits	37,724	31,832
Artistic salaries and benefits	25,720	25,622
Artists' fees	30,212	23,682
Board and staff development	335	694
Marketing and promotion	371	125
Office	8,162	7,097
Professional fees	3,898	3,963
Programming	7,023	4,690
Rent	2,500	2,560
Resource production	-	250
	115,945	100,515
<b>Excess (deficiency) of revenues over expenses for year</b>	5,825	(1,368)
Net assets, beginning of year	14,768	16,136
<b>Net assets, end of year</b>	20,593	14,768

See accompanying notes to the financial statements.


# Community Arts & Heritage Education Project Statement of Financial Position

As at June 30	2016	2015
	\$	\$
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	78,794	53,486
Accounts receivable	82	82
Harmonized Sales Tax receivable	416	864
	<b>79,292</b>	<b>54,432</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	6,034	5,164
Deferred revenue <i>[note 3]</i>	52,665	34,500
<b>Total current liabilities</b>	<b>58,699</b>	<b>39,664</b>
<b>Net assets</b>		
Unrestricted	20,593	14,768
	<b>79,292</b>	<b>54,432</b>

See accompanying notes to the financial statements.

On behalf of the Board:

Director



Director

---

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

Year ended June 30	2016	2015
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenues over expenses for year	5,825	(1,368)
Net change in non-cash working capital balances related to operations <i>[note 5]</i>	19,483	20,189
<b>Cash provided by operating activities</b>	<b>25,308</b>	<b>18,821</b>
<b>Increase in cash and cash equivalents during year</b>		
	25,308	18,821
Cash and cash equivalents, beginning of year	53,486	34,665
<b>Cash and cash equivalents, end of year</b>	<b>78,794</b>	<b>53,486</b>

See accompanying notes to the financial statements.

---

# **Community Arts & Heritage Education Project**

## **Notes to the Financial Statements**

June 30, 2016

---

### **GENERAL**

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).

### **1. SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The standards require entities to select policies appropriate for their circumstances from choices provided in the specific standards. Following are details of the choices selected by CAHEP and applied in these financial statements.

#### **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, fees and other revenues are recognized as revenue when received or receivable, can be measured and collectability is assured.

#### **Cash and cash equivalents**

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



---

# Community Arts & Heritage Education Project

## Notes to the Financial Statements

---

June 30, 2016

---

### Financial instruments

CAHEP considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. CAHEP accounts for the following as financial instruments:

- Cash and cash equivalents
- Accounts receivable
- Accounts payable and accrued liabilities

A financial asset or liability is recognized when CAHEP becomes party to contractual provisions of the instrument.

### Measurement

Financial assets or liabilities obtained in arm's-length transactions are initially measured at their fair value. In the case of a financial asset or liability not being subsequently measured at fair value, the initial fair value will be adjusted for financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption.

### Initial measurement of related party

Financial assets or liabilities obtained in related party transactions are measured in accordance with the accounting policy for related party transactions except for those transactions that are with a person or entity whose sole relationship with the CAHEP is in the capacity of management in which case they are accounted for in accordance with financial instruments.

### Subsequent measurement

Financial assets and financial liabilities are subsequently measured according to the following methods:

Financial assets measured at amortized cost include cash and cash equivalents, and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

### Derecognition

CAHEP removes financial liabilities, or a portion of, when the obligation is discharged, cancelled or expires.

---

# Community Arts & Heritage Education Project

## Notes to the Financial Statements

---

June 30, 2016

### Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in the statement of operations and changes in net assets.

### Management estimates

Management reviews the carrying amounts of items in the financial statements at each statement of financial position date to assess the need for revisions. Many items in the preparation of these financial statements require management's best estimate based on assumptions that reflect the most probable set of economic conditions and planned courses of action.

These estimates are reviewed periodically and adjustments are made to the statement of operations and changes in net assets as appropriate in the year they become known.

Significant items subject to management estimates include:

<u>Financial statement element</u>	<u>Management estimate</u>
Grant revenue	Amounts recognized and amounts deferred

## 2. ECONOMIC DEPENDENCE

CAHEP is dependent on annual contributions from the Ontario Arts Council in order to finance its operations. Should these contributions cease, CAHEP would be unable to continue its current operations.

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

June 30, 2016

### 3. DEFERRED REVENUE

Deferred revenue at year-end consists of:

	2016	2015
	\$	\$
Artists in the Community Workplace - Ontario Arts Council	-	7,000
City of Thunder Bay Cultural Services - Operating	7,700	7,000
Creative Engagement Fund - Ontario Arts Council	25,000	-
Intact Foundation	4,500	-
TBAYTEL for Good	-	5,000
Telus Foundation	3,000	-
The District of Thunder Bay Social Services Administration Board	9,500	8,500
Thunder Bay Catholic District School Board	2,965	-
United Way Youth Grant	-	7,000
	<b>52,665</b>	<b>34,500</b>

### 4. GRANTS AND FUNDING

Government grants and funding at year-end consist of:

	2016	2015
	\$	\$
City of Thunder Bay Cultural Services	14,500	14,000
Ministry of Culture	-	2,886
Ontario Arts Council	47,000	40,000
The District of Thunder Bay Social Services Administration Board	8,500	8,500
Thunder Bay Community Foundation	5,000	-
United Way Youth Grant	7,000	-
	<b>82,000</b>	<b>65,386</b>

---

# Community Arts & Heritage Education Project

## Notes to the Financial Statements

---

June 30, 2016

---

### 5. STATEMENT OF CASH FLOWS

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

	2016	2015
	\$	\$
<hr/>		
<b>Decrease (increase) in current assets</b>		
Harmonized Sales Tax receivable	448	(196)
<hr/>		
<b>Increase (decrease) in current liabilities</b>		
Accounts payable and accrued liabilities	870	1,385
Deferred revenue	18,165	19,000
	<b>19,035</b>	<b>20,385</b>
	<b>19,483</b>	<b>20,189</b>

---