

Community Arts & Heritage Education Project
Financial Statements
June 30, 2017

Community Arts & Heritage Education Project Contents

For the year ended June 30, 2017

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Management's Responsibility

To the Directors of Community Arts & Heritage Education Project:

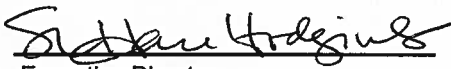
Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed primarily of Directors who are neither management nor employees of the Organization. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Organization's external auditors.

MNP LLP is appointed by the shareholders to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

December 14, 2017


Executive Director

Independent Auditors' Report

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, 2017, 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.

Auditors' 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 auditors' 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 charitable organizations, the Organization derives 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 Organization and we were not able to determine whether any adjustments might be necessary to donations revenue, fundraising revenue, excess of revenue over expenses and net assets for the years ended June 30, 2017 and June 30, 2016, current assets and net assets as at June 30, 2017 and June 30, 2016. The audit opinion on the financial statements for the year ended June 30, 2016 was qualified accordingly because of the possible effects of the limitation in scope.

Qualified Opinion

In our opinion, except for the effects of the matter 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, 2017 and the results of its operations and changes in net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Other Matter

The financial statements of Community Arts & Heritage Education Project for the year ended June 30, 2016 were audited by Grant Thornton LLP of Thunder Bay, Canada. Grant Thornton LLP expressed a qualified opinion of those statements on December 8, 2016.

Thunder Bay, Ontario
December 14, 2017

MNP LLP

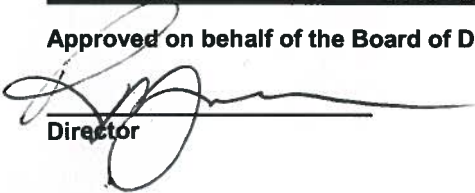
Chartered Professional Accountants
Licensed Public Accountants

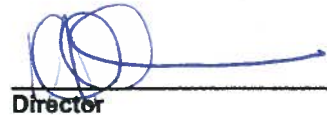
Community Arts & Heritage Education Project Statement of Financial Position

As at June 30, 2017

	2017	2016
Assets		
Current		
Cash	90,277	78,794
Accounts receivable	1,172	82
Harmonized Sales Tax receivable	2,158	416
	93,607	79,292
Liabilities		
Current		
Accounts payable and accruals	7,556	6,034
Deferred contributions (Note 3)	36,740	52,665
	44,296	58,699
Net Assets	49,311	20,593
	93,607	79,292

Approved on behalf of the Board of Directors



Director

Director

The accompanying notes are an integral part of these financial statements

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

For the year ended June 30, 2017

	2017	2016
Revenue		
Grant revenue		
Canadian Women's Foundation	36,000	-
City of Thunder Bay	16,200	14,500
The District of Thunder Bay Social Services Administration Board	9,500	8,500
Ontario Arts Council	65,000	47,000
Ontario Trillium funding	7,360	-
Other	19,500	16,000
United Way	5,500	7,000
Donations	4,290	981
Fees	7,566	24,708
Fundraising	1,726	3,081
Total revenue	172,642	121,770
Expenses		
Advertising	205	371
Artist fees	10,419	30,212
Bank charges and interest	402	172
Insurance	2,201	2,142
Neighbourhood engagement	2,980	771
Office	2,263	4,579
Professional development	1,494	335
Professional fees	10,195	3,898
Programs	30,791	7,023
Rent	3,867	2,500
Salaries and benefits	78,485	63,444
Telephone	622	498
Total expenses	143,924	115,945
Excess of revenue over expenses	28,718	5,825
Net assets, beginning of year	20,593	14,768
Net assets, end of year	49,311	20,593

The accompanying notes are an integral part of these financial statements

Community Arts & Heritage Education Project

Statement of Cash Flows

For the year ended June 30, 2017

	<i>2017</i>	<i>2016</i>
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	28,718	5,825
Changes in working capital accounts		
Accounts receivable	(1,090)	-
Harmonized Sales Tax receivable	(1,742)	448
Accounts payable and accruals	1,522	870
Deferred contributions	(15,925)	18,165
Increase in cash resources	11,483	25,308
Cash resources, beginning of year	78,794	53,486
Cash resources, end of year	90,277	78,794

The accompanying notes are an integral part of these financial statements

Community Arts & Heritage Education Project

Notes to the Financial Statements

For the year ended June 30, 2017

1. Incorporation and nature of the organization

Community Arts & Heritage Education Project (the "Organization") is a not-for-profit organization incorporated under the Laws of Ontario without share capital. The purpose of the Organization is to envision, develop and implement inclusive, culturally diverse, high quality inter-generational arts and heritage programming for the benefit of the Thunder Bay community.

The Organization is a registered charity and, while registered, is exempt from income taxes and may issue receipts that are eligible for a non-refundable tax credit by an individual donor and tax reduction by a corporate donor.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations using the following significant accounting policies:

Cash and cash equivalents

Cash and cash equivalents include balances with banks. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Revenue recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. 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. Revenue from fees is recorded when the service is provided and collection is reasonably assured. Revenue from donations and fundraising are recorded when received.

Capital assets

Capital assets are expensed on acquisition.

Contributed materials

The Organization does not recognize the receipt of contributed materials and services.

Measurement uncertainty (use of estimates)

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.

Accounts payable and accruals are estimated based on historical charges for unbilled goods and services at year-end.

Deferred contributions are based on management's review of revenue received, but unspent at year-end.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenue over expenses in the periods in which they become known.

Financial instruments

The Organization recognizes its financial instruments when the Organization becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with CPA Canada Handbook 3840 *Related Party Transactions*.

Community Arts & Heritage Education Project

Notes to the Financial Statements

For the year ended June 30, 2017

2. Significant accounting policies (Continued from previous page)

At initial recognition, the Organization may irrevocably elect to subsequently measure any financial instrument at fair value. The Organization has not made such an election during the year.

The Organization subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. With the exception of financial liabilities indexed to a measure of the Organization's performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess of revenue over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

3. Deferred contributions

Deferred contributions consist of unspent contributions externally restricted for delivery of service programs. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made. Changes in the deferred contribution balance are as follows:

	2017	2016
Balance, beginning of year	52,665	34,500
Amount received during the year	134,100	82,000
Less: Amount recognized as revenue during the year	(147,060)	(63,835)
Less: Amount repaid during the year	(2,965)	-
Balance, end of year	36,740	52,665

4. Economic dependence

The Organization's primary source of revenue consists of grant funding from federal, provincial and municipal governments and other not-for-profit agencies. The grant funding can be cancelled if the Organization does not observe certain established guidelines. The Organization's ability to continue viable operations is dependent upon continued funding from each of these levels of government. As at the date of these financial statements the Organization believes that believes that grant funding will continue for the foreseeable future.

5. Contingencies

A portion of the Organization's net assets include surpluses or deficits from funds received from various agencies. Such surpluses or deficits may be subject to recovery or repayment by the contributing agencies, depending on the terms and conditions of the relevant contribution agreements. These potential liabilities or recoveries are not recorded until they become payable or recoverable.

Community Arts & Heritage Education Project

Notes to the Financial Statements

For the year ended June 30, 2017

6. Commitments

The Organization has entered into a studio partnership agreement that requires monthly payments of \$282.50 (\$3,390 annually) until a future date to be determined by the parties to the agreement.

7. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation. The prior year figures were prepared by another accountant.