

Community Arts & Heritage Education Project
Financial Statements
June 30, 2018

Community Arts & Heritage Education Project

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For the year ended June 30, 2018

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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 Directors 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 17, 2018


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, 2018, 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, 2018 and June 30, 2017, and current assets and net assets as at June 30, 2018 and June 30, 2017. The audit opinion on the financial statements for the year ended June 30, 2017 was qualified accordingly because of the possible effects of the limitation in scope.

Qualified Opinion

In our opinion, except for the possible 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, 2018 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.

Thunder Bay, Ontario
December 17, 2018

MNP LLP


Chartered Professional Accountants
Licensed Public Accountants

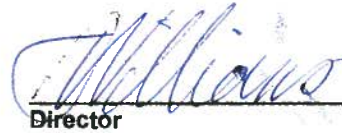
Community Arts & Heritage Education Project
Statement of Financial Position

As at June 30, 2018

	2018	2017
Assets		
Current		
Cash	63,667	90,277
Accounts receivable	200	1,172
Harmonized Sales Tax receivable	4,327	2,158
	68,194	93,607
Liabilities		
Current		
Accounts payable and accruals	7,535	7,556
Deferred contributions (Note 3)	20,064	36,740
	27,599	44,296
 Contingencies (Note 5)		
	40,595	49,311
Net Assets	68,194	93,607

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, 2018

	2018	2017
Revenue		
Grant revenue		
Canadian Women's Foundation	36,000	36,000
City of Thunder Bay	17,000	16,200
The District of Thunder Bay Social Services Administration Board	10,250	9,500
Ontario Arts Council	49,680	65,000
Ontario Trillium Foundation	21,540	7,360
Other	17,200	19,500
United Way	5,439	5,500
Donations	69	4,290
Fees	402	7,566
Fundraising	769	1,726
Total revenue	158,349	172,642
Expenses		
Advertising	277	205
Bank charges and interest	166	402
Insurance	2,293	2,201
Office	3,695	2,263
Professional development	963	1,494
Professional fees	10,951	10,195
Program costs	49,840	44,190
Rent	3,118	3,867
Salaries and benefits	95,762	78,485
Telephone	-	622
Total expenses	167,065	143,924
Excess (deficiency) of revenue over expenses	(8,716)	28,718
Net assets, beginning of year	49,311	20,593
Net assets, end of year	40,595	49,311

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, 2018

	<i>2018</i>	<i>2017</i>
<hr/>		
Cash provided by (used for) the following activities		
Operating		
Excess (deficiency) of revenue over expenses	(8,716)	28,718
Changes in working capital accounts		
Accounts receivable	972	(1,090)
Harmonized Sales Tax receivable	(2,169)	(1,742)
Accounts payable and accruals	(21)	1,522
Deferred contributions	(16,676)	(15,925)
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Increase (decrease) in cash resources	(26,610)	11,483
Cash resources, beginning of year	90,277	78,794
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Cash resources, end of year	63,667	90,277
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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, 2018

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 4460 *Related Party Transactions*.

Community Arts & Heritage Education Project

Notes to the Financial Statements

For the year ended June 30, 2018

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:

	2018	2017
Balance, beginning of year	36,740	52,665
Amount received during the year	34,753	134,100
Less: Amount recognized as revenue during the year	(51,429)	(147,060)
Less: Amount repaid during the year	-	(2,965)
Balance, end of year	20,064	36,740

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 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, 2018

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. Subsequent event

At year-end, the Organization had an outstanding cheque in the amount of \$30,000 for the purchase of investments in a non-registered investment account with Sun Life Financial. This cheque was not processed within six months of issuance due to the nature of the non-registered account and the documentation and information required by the Money Laundering Act. Due to the delay, the original cheque was stale-dated but was amended and re-dated after year-end to allow the processing of the same cheque on December 11, 2018. At this time Sun Life Financial had all of the necessary documentation and information and were able to deposit the cheque into the Organization's investment account. Given that the cheque was re-dated after June 30, 2018, the transaction was reversed and excluded from these financial statements.

8. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.