

**Community Arts & Heritage Education Project**  
**Financial Statements**  
*June 30, 2019*

# Community Arts & Heritage Education Project Contents

*For the year ended June 30, 2019*

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## **Management's Responsibility**

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To the Directors of Community Arts & Heritage Education Project:

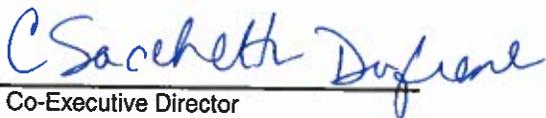
Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations. This responsibility includes selecting 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 02, 2019



Co-Executive Director

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# Independent Auditor's Report

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To the Directors of Community Arts & Heritage Education Project:

## Qualified Opinion

We have audited the financial statements of Community Arts & Heritage Education Project (the "Organization"), which comprise the statement of financial position as at June 30, 2019, and the statements of operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at June 30, 2019, 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.

## 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, 2019 and June 30, 2018, and current assets and net assets as at June 30, 2019 and June 30, 2018. The audit opinion on the financial statements for the year ended June 30, 2018 was qualified accordingly because of the possible effects of the limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Thunder Bay, Ontario

December 2, 2019

*MNP LLP*

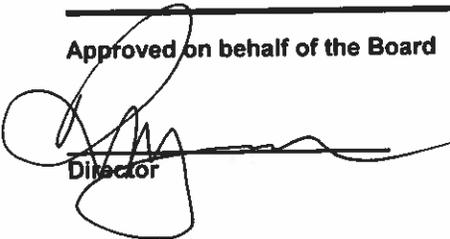
Chartered Professional Accountants

Licensed Public Accountants

**Community Arts & Heritage Education Project**  
**Statement of Financial Position**  
*As at June 30, 2019*

	<b>2019</b>	<b>2018</b>
<b>Assets</b>		
<b>Current</b>		
Cash	33,415	63,667
Accounts receivable	-	200
Harmonized Sales Tax receivable	1,289	4,327
	<b>34,704</b>	<b>68,194</b>
<b>Investments (Note 3)</b>	<b>30,804</b>	<b>-</b>
	<b>65,508</b>	<b>68,194</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accruals	9,638	7,535
Deferred contributions (Note 4)	20,219	20,064
	<b>29,857</b>	<b>27,599</b>
<b>Contingencies (Note 6)</b>		
	<b>35,651</b>	<b>40,595</b>
<b>Net Assets</b>	<b>65,508</b>	<b>68,194</b>

Approved on behalf of the Board

  
 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, 2019*

	<b>2019</b>	<b>2018</b>
<b>Revenue</b>		
Grant revenue		
Canadian Women's Foundation	36,000	36,000
City of Thunder Bay	17,000	17,000
The District of Thunder Bay Social Services Administration Board	10,300	10,250
Ontario Arts Council	50,922	49,680
Ontario Trillium Foundation	-	21,540
Other	11,000	17,200
United Way	3,943	5,439
Donations	1,987	69
Fees	13,794	402
Fundraising	471	769
<b>Total revenue</b>	<b>145,417</b>	<b>158,349</b>
<b>Expenses</b>		
Advertising	255	277
Bank charges and interest	178	166
Insurance	2,491	2,293
Office	2,014	3,695
Professional development	-	963
Professional fees	6,000	10,951
Program costs	70,742	49,840
Rent	3,118	3,118
Salaries and benefits	66,367	95,762
<b>Total expenses</b>	<b>151,165</b>	<b>167,065</b>
<b>Deficiency of revenue over expenses before other items</b>	<b>(5,748)</b>	<b>(8,716)</b>
<b>Investment income</b>	<b>804</b>	<b>-</b>
<b>Deficiency of revenue over expenses</b>	<b>(4,944)</b>	<b>(8,716)</b>
<b>Net assets, beginning of year</b>	<b>40,595</b>	<b>49,311</b>
<b>Net assets, end of year</b>	<b>35,651</b>	<b>40,595</b>

*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, 2019*

	<b>2019</b>	<b>2018</b>
<hr/>		
<b>Cash provided by (used for) the following activities</b>		
<b>Operating</b>		
Deficiency of revenue over expenses	(4,944)	(8,716)
Changes in working capital accounts		
Accounts receivable	200	972
Harmonized Sales Tax receivable	3,038	(2,169)
Accounts payable and accruals	2,103	(21)
Deferred contributions	155	(16,676)
	<hr/>	<hr/>
	552	(26,610)
<b>Investing</b>		
Purchase of investments	(30,804)	-
	<hr/>	<hr/>
<b>Decrease in cash resources</b>	<b>(30,252)</b>	<b>(26,610)</b>
<b>Cash resources, beginning of year</b>	<b>63,667</b>	<b>90,277</b>
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<b>Cash resources, end of year</b>	<b>33,415</b>	<b>63,667</b>
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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, 2019

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### 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.

#### ***Long-term investments***

Long-term investments are recorded at fair value, with changes at fair value recorded as income or loss. They have been classified as long-term in concurrence with the nature of the investment.

#### ***Capital assets***

Capital assets are expensed on acquisition.

#### ***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.

Investment income includes dividends, interest income and realized and unrealized investment gains and losses.

#### ***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.

# Community Arts & Heritage Education Project

## Notes to the Financial Statements

*For the year ended June 30, 2019*

**2. Significant accounting policies** *(Continued from previous page)*

**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*.

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. Portfolio investments**

Sun Life Financial Investment Services (Canada) Inc.

	<b>2019</b>	2018
Mutual Funds (Cost - \$30,473)	<b>30,804</b>	-

**4. 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:

	<b>2019</b>	2018
Balance, beginning of year	<b>20,064</b>	36,740
Amount received during the year	<b>31,607</b>	34,753
Less: amount recognized as revenue during the year	<b>(31,452)</b>	(51,429)
Balance, end of year	<b>20,219</b>	20,064

# Community Arts & Heritage Education Project

## Notes to the Financial Statements

*For the year ended June 30, 2019*

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### 5. 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.

### 6. 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.

### 7. 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.

### 8. Financial instruments

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.