

CHURCH STREET SCHOOL CULTURAL CENTRE O/A AURORA CULTURAL CENTRE

FINANCIAL STATEMENTS
DECEMBER 31, 2015

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INDEPENDENT AUDITOR'S REPORT

To the Directors of Church Street School Cultural Centre o/a Aurora Cultural Centre

We have audited the accompanying financial statements of Church Street School Cultural Centre, o/a Aurora Cultural Centre, which comprises the statement of financial position as at December 31, 2015, the statements of operations, 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 audit opinion.

Basis for Qualified Opinion:

In common with many charitable organizations, the Organization derives revenues from donations, 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 records of the Organization and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenditures, statement of changes in net assets, current assets, liabilities, and net assets.

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 the Organization as at December 31, 2015 and its financial performance and cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

**CHARTERED PROFESSIONAL ACCOUNTANTS
AUTHORIZED TO PRACTISE PUBLIC ACCOUNTING BY THE
CHARTERED PROFESSIONAL ACCOUNTANTS OF ONTARIO
(registered name of The Institute of Chartered Accountants of Ontario)**

Aurora, Ontario
June 6, 2016

**CHURCH STREET SCHOOL CULTURAL CENTRE
O/A AURORA CULTURAL CENTRE**
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
DECEMBER 31, 2015

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	2015	2014
	\$	\$
REVENUES		
Grant - Town of Aurora operating	377,000	377,000
Grants - Ontario Trillium	62,407	60,225
Grants - other	12,032	10,431
Programs	180,727	163,520
Fundraising, donations and sponsorships	57,717	46,601
	689,883	657,777
EXPENDITURES		
Salaries and benefits	397,240	353,819
Programs	141,619	139,490
Amortization	14,135	22,252
Office, telephone, equipment leases, bank charges	32,481	29,780
Professional fees	32,389	18,481
Fundraising	7,492	10,749
Trillium Grant - Theatre Starts	-	17,180
Trillium Grant - Fundraising	62,407	43,533
Insurance	9,115	7,425
	696,878	642,709
EXCESS/(DEFICIENCY) OF REVENUES OVER EXPENDITURES	(6,995)	15,068
NET ASSETS - Beginning of year	293,823	278,755
NET ASSETS - End of year	286,828	293,823

CHURCH STREET SCHOOL CULTURAL CENTRE
O/A AURORA CULTURAL CENTRE
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015

	Note Reference	2015	2014
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash		439,062	337,659
Amounts receivable		7,952	7,948
Prepaid expenses		5,342	2,287
		452,356	347,894
Capital assets	3	32,096	46,231
		484,452	394,125
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable and accruals		42,150	42,174
Revenues received in advance		15,250	14,400
Deferred grants	4	130,735	31,867
		188,135	88,441
Deferred contributions	5	9,489	11,861
		197,624	100,302
NET ASSETS			
Unrestricted		58,281	63,231
Internally restricted	6	205,940	196,222
Invested in capital assets		22,607	34,370
		286,828	293,823
		484,452	394,125

The accompanying notes are an integral part of these financial statements.

Approved on behalf of the Board:

Director _____

Director _____

**CHURCH STREET SCHOOL CULTURAL CENTRE
O/A AURORA CULTURAL CENTRE
STATEMENT OF CASH FLOWS
DECEMBER 31, 2015**

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	2015	2014
	\$	\$
OPERATING ACTIVITIES		
Excess/(deficiency) of revenues over expenditures	(6,995)	15,068
Expenditures not requiring cash:		
Amortization	14,135	22,252
	7,140	37,320
Non-cash working capital items:		
Amounts receivable	(4)	13,059
Prepaid expenses	(3,055)	3,955
Accounts payable and accruals	(24)	11,388
Revenues received in advance	850	(781)
Deferred grants	98,868	(23,425)
	103,775	41,516
FINANCING ACTIVITIES		
Deferred contributions	(2,372)	(4,289)
INVESTING ACTIVITIES		
Acquisition of capital assets	-	(7,286)
INCREASE IN CASH	101,403	29,941
CASH - Beginning of year	337,659	307,718
CASH - End of year	439,062	337,659

1. NATURE OF ORGANIZATION

The Organization has been established in the Town of Aurora to deliver a diverse range of inspiring artistic, music and heritage programs, and to promote Aurora as a dynamic community that values the creative contributions of its citizens. The Organization also works to showcase local, emerging and established talent for the community to enjoy.

The Organization was incorporated, without share capital, in the province of Ontario on April 22, 2009, and qualifies as a charitable organization under the Income Tax Act and is exempt from income tax.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of presentation:

These financial statements have been prepared using Canadian Accounting Standards for Not-for-Profit Organizations.

b) Revenue recognition:

The Organization follows the deferral method of accounting for revenues. Unrestricted revenues are recognized when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions are recognized as revenue in the year in which the related expenditures are incurred.

Ticket, program and facility revenues are recognized as revenues when the event has occurred and collection is reasonably assured.

c) Contributed services:

A substantial number of volunteers have made significant contributions of their time to the Organization's operations. While these services benefit the Organization considerably, these contributed services are not recognized in the financial statements.

d) Cash:

Cash is defined as cash on hand and cash on deposit, net of cheques issued and outstanding at the reporting date.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Amortization:

Capital assets are recorded at cost and are being amortized on the straight-line basis as follows:

Computer equipment	3 years
Furniture and fixtures	3 years
Music instruments	10 years
Leasehold improvements	term of the lease

In the year of acquisition or disposal, amortization is recorded at 50% of the annual rate, with the exception of leasehold improvements.

f) Management's 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, disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the reporting period. Significant items subject to such estimates and assumptions include the estimated useful life of capital assets and the time allocation of administrative salaries and benefits for program expenditures. Actual results could differ from those estimates.

g) Financial instruments:

The fair values of cash, amounts receivable, accounts payable and accruals, revenues received in advance, deferred grants, and deferred contributions are approximately equal to their carrying values. It is management's opinion that the Organization is not exposed to significant interest risks arising from the financial instruments.

3. CAPITAL ASSETS

	2015		
	Original Cost	Accumulated Amortization	Net Book Value
	\$	\$	\$
Computer equipment	26,133	22,490	3,643
Furniture and fixtures	54,617	54,617	-
Music instruments	43,570	23,964	19,606
Leasehold improvements	46,075	37,228	8,847
	170,395	138,299	32,096

3. CAPITAL ASSETS (continued)

	2014		
	Original Cost	Accumulated Amortization	Net Book Value
	\$	\$	\$
Computer equipment	26,133	20,062	6,071
Furniture and fixtures	54,617	51,690	2,927
Music instruments	43,570	19,607	23,963
Leasehold improvements	46,075	32,805	13,270
	170,395	124,164	46,231

4. DEFERRED GRANTS

	2015	2014
	\$	\$
Balance - beginning of year	31,867	55,292
Funds received - Ontario Trillium Foundation	55,300	34,300
Funds received - Town of Aurora	108,475	-
Funds received - other	-	2,500
Recognized as revenue	(64,907)	(60,225)
	130,735	31,867

The amount recognized as revenue during the year includes \$62,407 related to the Fund Development Officer grant approved in 2013 by the Ontario Trillium Foundation ("The Foundation") and \$2,500 for the 2015 gallery programs. The closing balance consists of \$98,475 which represents the first scheduled installment of the Town of Aurora 2016 operating grant, a \$10,000 additional advance of the Town of Aurora 2016 operating grant, and \$22,260 for the Fund Development Officer program.

The Foundation funds are restricted in that the expenditures incurred must be used to meet certain expected results and performance indicators as outlined by the Foundation. Funds received from the Foundation are recognized as revenues when the related expenditure is incurred.

5. DEFERRED CONTRIBUTIONS

The Organization's deferred contributions consists of the following:

	2015	2014
	\$	\$
Balance - beginning of year	11,861	16,150
Funds received	-	250
Amortization of deferred contributions	(2,372)	(4,539)
	9,489	11,861

The deferred contributions consist of restricted grants and donations relating to the purchase of capital assets and are recognized as income at the rate of amortization of the capital assets acquired.

6. INTERNALLY RESTRICTED

The Organization's internally restricted net assets consists of the following:

	2015	2014
	\$	\$
Classical Music Series Fund	65,940	56,222
Contingency Fund	120,000	120,000
Special Project Fund	20,000	20,000
	205,940	196,222

The purpose of the Classical Music Series Fund is to support future classical music programming as specified by the donor, unless otherwise approved by the Board of Directors.

The purpose of the Contingency Fund is to provide the Organization with sufficient working capital should the Organization experience a significant decline in future funding, or to facilitate an orderly wind up of the Organization's operations in the event that the Organization could not continue with its day to day operations. Disbursements made out of this fund must be approved by the Board of Directors.

The purpose of the Special Project Reserve Fund is to provide the Organization with sufficient funds for various projects as determined from time to time by the Board of Directors.

7. CREDIT FACILITY

The Organization has a credit card that bears interest at 16.99% per annum. The authorized limit is \$20,000 and available credit at year end is \$15,080 (2014 - \$13,435).

8. PROGRAM EXPENDITURES

The Organization's Provision of Cultural Service Agreement ("the Agreement") with the Town of Aurora (see Note 9) contains certain clauses regarding Key Performance Indicators ("KPI"). In order to provide information in respect of program expenditures, management has identified all expenditures related to programming which amount to \$494,897 (2014 - \$478,285). Included in this amount are administrative salaries and benefits of \$127,138 (2014 - \$116,804) which have been allocated to program expenditures based on the estimated amount of time spent as determined by management.

9. ECONOMIC DEPENDENCE

The Organization's revenues, substantially derived from a grant of \$377,000 (2014 - \$377,000) is received from the Town of Aurora. A Provision of Cultural Services Agreement with the Town of Aurora dated January 1, 2013 stipulates that the Organization should make an annual request for grant funding to Council in accordance with the Town's current budget guidelines and requirements and shall be subject to Council approval. This agreement is effective until December 31, 2027.

In addition, the annual facility rent payable under the lease with the Town of Aurora is \$1 per annum. This agreement is in effect until December 31, 2017.

The Town may at any time terminate these agreements while providing the Organization with six months notice.

The Organization is dependent on this grant and lease for its continued existence and ability to carry out its normal activities.