CHURCH STREET SCHOOL CULTURAL CENTRE
O/A AURORA CULTURAL CENTRE

FINANCIAL STATEMENTS
DECEMBER 31, 2018

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MF TY CHARTERED PROFESSIONAL ACCOUNTANTS

MF TY
MILLARD ▪ FOSTER ▪ THIBEAULT ▪ YOUELL
Professional Corporation
Chartered Professional Accountants

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion:

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, 2018 and the statements of operations and changes in net assets and of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with Canadian Accounting Standard for Not-For-Profit organizations.

Basis for Opinion:

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 opinion.

Responsibilities of Management and Those Charged With Governance for the Financial Statements:

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Accounting Standard 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 it 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.

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INDEPENDENT AUDITOR'S REPORT (continued)

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.

Millard Fortin Thibeault Youell

CHARTERED PROFESSIONAL ACCOUNTANTS
AUTHORIZED TO PRACTISE PUBLIC ACCOUNTING BY THE
CHARTERED PROFESSIONAL ACCOUNTANTS OF ONTARIO

Aurora, Ontario
May 8, 2019

MF TY CHARTERED PROFESSIONAL ACCOUNTANTS

CHURCH STREET SCHOOL CULTURAL CENTRE
O/A AURORA CULTURAL CENTRE
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
DECEMBER 31, 2018

	2018	2017
	$	$
REVENUES		
Grant - Town of Aurora operating	**415,700**	405,600
Grants - Ontario Trillium	**-**	21,900
Grants - other	**27,414**	52,721
Programs	**225,736**	224,906
Fundraising, donations and sponsorships	**86,595**	36,048
	755,445	741,175
EXPENDITURES		
Salaries and benefits	**505,266**	477,666
Programs	**147,926**	155,994
Office expenses	**35,005**	46,183
Professional fees	**19,770**	22,310
Fundraising	**2,893**	1,780
Trillium Grant - Fundraising	**-**	22,422
Insurance	**11,734**	11,856
Amortization	**6,772**	10,459
	729,366	748,670
EXCESS/(DEFICIENCY) OF REVENUES OVER EXPENDITURES	**26,079**	(7,495)
NET ASSETS - Beginning of year	**267,648**	275,143
NET ASSETS - End of year	**293,727**	267,648

CHURCH STREET SCHOOL CULTURAL CENTRE
O/A AURORA CULTURAL CENTRE
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018

	Note Reference	2018	2017
		$	$
ASSETS			
CURRENT ASSETS			
Cash		**137,556**	95,202
Restricted cash	3	**238,991**	213,541
Amounts receivable		**22,416**	2,550
Prepaid expenses		**5,693**	4,872
		404,656	316,165
Capital assets	4	**15,358**	13,217
		420,014	329,382
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable and accruals		**28,577**	28,071
Revenues received in advance		**41,824**	28,919
Deferred grants	5	**5,000**	-
Deferred contributions	6	**41,087**	-
		116,488	56,990
Deferred contributions	6	**9,799**	4,744
		126,287	61,734
NET ASSETS			
Unrestricted		**49,177**	45,634
Internally restricted	7	**238,991**	213,541
Invested in capital assets		**5,559**	8,473
		293,727	267,648
		420,014	329,382

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

Approved on behalf of the Board: _____ Director _____ Director

MF TY CHARTERED PROFESSIONAL ACCOUNTANTS

CHURCH STREET SCHOOL CULTURAL CENTRE
O/A AURORA CULTURAL CENTRE
STATEMENT OF CASH FLOWS
DECEMBER 31, 2018

	2018	2017
	$	$
OPERATING ACTIVITIES		
Excess/(deficiency) of revenues over expenditures	**26,079**	(7,495)
Expenditures/revenues not requiring/(providing) cash:		
Amortization	**6,772**	10,459
Amortization of deferred contributions	**(3,858)**	(2,372)
	28,993	592
Non-cash working capital items:		
Amounts receivable	**(19,866)**	35,981
Prepaid expenses	**(821)**	2,370
Accounts payable and accruals	**506**	3,437
Revenues received in advance	**12,905**	5,203
Deferred grants	**5,000**	(19,741)
	26,717	27,842
FINANCING ACTIVITIES		
Restricted cash	**(25,450)**	(2,601)
Deferred contributions	**50,000**	(3,000)
	24,550	(5,601)
INVESTING ACTIVITIES		
Acquisition of capital assets	**(8,913)**	(2,789)
INCREASE IN CASH	**42,354**	19,452
CASH - Beginning of year	**95,202**	75,750
CASH - End of year	**137,556**	95,202

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:

Computers and equipment	3 years
Music instruments	10 years
Special project - information technology	3 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 related to program activities. Actual results could differ from those estimates.

g) Financial instruments:

The fair values of cash, restricted cash, amounts receivable, accounts payable and accruals, revenues received in advance, 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. RESTRICTED CASH

Restricted cash consists of the following:

	2018	2017
	$	$
Internally restricted:		
Classical Music Series Fund	**71,991**	68,541
Contingency Fund	**147,000**	125,000
Special Project Fund	**20,000**	20,000
	238,991	213,541

See Note 7 for description of the internally restricted funds.

4. CAPITAL ASSETS

	2018		2017	
	Original Cost	Accumulated Amortization	Original Cost	Accumulated Amortization
	$	$	$	$
Computers and equipment	28,923	27,528	28,923	26,598
Music instruments	43,570	37,034	43,570	32,678
Special project - information technology	8,913	1,486	-	-
Leasehold improvements	-	-	46,076	46,076
	81,406	66,048	118,569	105,352
Net Book Value		15,358		13,217

5. DEFERRED GRANTS

Deferred grants consists of the following:

	2018	2017
	$	$
Balance - beginning of year	-	19,741
Funds received - Canada Arts Presentation	5,000	-
Recognized as revenue	-	(19,741)
	5,000	-

The Canada Arts Presentation funds are restricted in that the expenditures incurred must be used to meet certain expected results and performance indicators as outlined by the agreement. Funds received from the Canada Arts Presentation are recognized as revenues when the related expenditure is incurred. The funding period for this revenue is April 1, 2018 to March 31, 2019.

6. DEFERRED CONTRIBUTIONS

The Organization's deferred contributions consists of the following:

	2018	2017
	$	$
Balance - beginning of year	**4,744**	10,116
Funds received - special project	**50,000**	-
Amortization of deferred contributions	**(3,858)**	(5,372)
	50,886	4,744
Less: current portion	**41,087**	-
	9,799	4,744

The deferred contributions consist of restricted donations relating to the purchase of certain capital assets and future program expenditures. The donations relating to the purchase of capital assets are recognized as revenue at the rate of amortization of the capital assets acquired and the program expenditures donation is recognized as revenue in the designated operating period.

7. INTERNALLY RESTRICTED

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

	2018	2017
	$	$
Classical Music Series Fund	**71,991**	68,541
Contingency Fund	**147,000**	125,000
Special Project Fund	**20,000**	20,000
	238,991	213,541

The Board of Directors approved to internally restrict $22,000 (2017 - $5,000) from the unrestricted net assets to the Contingency Fund. In addition the Board of Directors approved a transfer of $3,450 from the unrestricted fund to the Classical Music Series Fund (2017 - $2,399 from the Classical Music Series Fund to the unrestricted fund).

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.

8. CREDIT FACILITY

The Organization has a credit card that bears interest at 19.50% (2017 - 16.99%) per annum. The authorized limit is $10,000 (2017 - $20,000) and available credit at year end is $7,084 (2017 - $18,695).

9. PROGRAM EXPENDITURES

The Organization's Provision of Cultural Service Agreement ("the Agreement") with the Town of Aurora (see Note 11) 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 $591,760 (2017 - $603,664). Included in this amount are administrative salaries and benefits of $137,752 (2017 - $140,032) which have been allocated to program expenditures based on the estimated amount of time spent as determined by management.

10. GRANT REVENUE

Included in total revenue are the following grants:

	2018	2017
	$	$
Municipal grants	**415,700**	405,600
Federal grants	**27,414**	47,721
Provincial grants	**-**	26,900
	443,114	480,221

11. ECONOMIC DEPENDENCE

The Organization's revenues, substantially derived from a grant of $415,700 (2017 - $405,600), 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, 2027.

The Town of Aurora 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.

12. FINANCIAL RISKS AND CONCENTRATION OF RISK

The financial risks and concentration of risks are as follows. There has been no change to the nature of any of the risk exposures from 2017.

Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss.

The Organization maintains its cash and deposits with a single federally regulated Canadian financial institution.