

# CHURCH STREET SCHOOL CULTURAL CENTRE O/A AURORA CULTURAL CENTRE

FINANCIAL STATEMENTS  
DECEMBER 31, 2019

<b>CONTENTS</b>	<b>PAGE</b>
Independent auditor's report	1 - 2
Statement of operations and changes in net assets	3
Statement of financial position	4
Statement of cash flows	5
Notes to financial statements	6 - 11



## 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, 2019 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.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with Canadian Accounting Standards 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 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.

**INDEPENDENT AUDITOR'S REPORT (continued)**

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. 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.



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

Aurora, Ontario  
June 2, 2020

**CHURCH STREET SCHOOL CULTURAL CENTRE  
O/A AURORA CULTURAL CENTRE**  
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS  
DECEMBER 31, 2019

	2019	2018
	\$	\$
<b>REVENUES</b>		
Grant - Town of Aurora operating	415,700	415,700
Grant - Town of Aurora special funding	50,000	-
Grants - other	56,231	27,414
Programs	214,903	225,736
Fundraising, donations and sponsorships	133,558	86,595
	<b>870,392</b>	<b>755,445</b>
<b>EXPENDITURES</b>		
Administrative salaries and benefits	81,210	68,204
Programs	197,474	147,926
Programming salaries and wages	486,503	437,062
Office expenses	42,634	35,005
Professional fees	33,274	19,770
Fundraising	2,306	2,893
Insurance	10,929	11,734
Amortization	10,338	6,772
	<b>864,668</b>	<b>729,366</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>5,724</b>	<b>26,079</b>
<b>NET ASSETS</b> - Beginning of year	<b>293,727</b>	<b>267,648</b>
<b>NET ASSETS</b> - End of year	<b>299,451</b>	<b>293,727</b>


**CHURCH STREET SCHOOL CULTURAL CENTRE**  
**O/A AURORA CULTURAL CENTRE**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2019**

	Note Reference	2019	2018
		\$	\$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash		200,312	137,556
Restricted cash	3	241,541	238,991
Amounts receivable		8,966	22,416
Prepaid expenses		7,351	5,693
		<b>458,170</b>	404,656
Capital assets	4	17,500	15,358
		<b>475,670</b>	420,014
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable and accruals		36,192	28,577
Revenues received in advance		37,064	41,824
Deferred grants	5	59,500	5,000
Deferred contributions	6	28,607	41,087
		<b>161,363</b>	116,488
Deferred contributions	6	14,856	9,799
		<b>176,219</b>	126,287
<b>NET ASSETS</b>			
Unrestricted		55,266	49,177
Internally restricted	7	241,541	238,991
Invested in capital assets		2,644	5,559
		<b>299,451</b>	293,727
		<b>475,670</b>	420,014

*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, 2019**

	2019	2018
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenditures	5,724	26,079
Expenditures/revenues not requiring/(providing) cash:		
Amortization	10,338	6,772
Amortization of deferred contributions	(7,423)	(3,858)
Deferred grants recognized as revenue	(58,500)	(5,000)
	(49,861)	23,993
Non-cash working capital items:		
Amounts receivable	13,450	(19,866)
Prepaid expenses	(1,658)	(821)
Accounts payable and accruals	7,615	506
Revenues received in advance	(4,760)	12,905
Deferred grants	113,000	10,000
	77,786	26,717
<b>FINANCING ACTIVITIES</b>		
Restricted cash	(2,550)	(25,450)
Deferred contributions	-	50,000
	(2,550)	24,550
<b>INVESTING ACTIVITIES</b>		
Acquisition of capital assets	(12,480)	(8,913)
<b>INCREASE IN CASH</b>	<b>62,756</b>	<b>42,354</b>
<b>CASH - Beginning of year</b>	<b>137,556</b>	<b>95,202</b>
<b>CASH - End of year</b>	<b>200,312</b>	<b>137,556</b>

## **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) Allocation of program expenditures:**

The Organization classifies expenses on the Statement of Operations and Changes in Net Assets by function. Administration salaried and benefits are allocated to programs based on estimated time spent on the programs.

### **e) 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)**

**f) 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 equipment	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.

**g) 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.

**h) Financial instruments:**

The fair values of cash, restricted 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. RESTRICTED CASH**

Restricted cash consists of the following:

	2019	2018
	\$	\$
Internally restricted:		
Classical Music Series Fund	69,267	71,991
Contingency Fund	152,274	147,000
Special Project Fund	20,000	20,000
	<b>241,541</b>	<b>238,991</b>

See Note 7 for description of the internally restricted funds.



**4. CAPITAL ASSETS**

	2019		2018	
	Original Cost	Accumulated Amortization	Original Cost	Accumulated Amortization
	\$	\$	\$	\$
Computers and equipment	28,923	28,458	28,923	27,528
Music instruments	43,570	41,391	43,570	37,034
Special project equipment	21,393	6,537	8,913	1,486
	<b>93,886</b>	<b>76,386</b>	81,406	66,048
<b>Net Book Value</b>		<b>17,500</b>		15,358

**5. DEFERRED GRANTS**

Deferred grants consists of the following:

	2019	2018
	\$	\$
Balance - beginning of year	5,000	-
Funds received - Ontario Trillium Foundation	27,000	-
Funds received - Canada Arts Presentation	11,000	10,000
Funds received - Kaleidoscope in Schools	75,000	-
Recognized as revenue	(58,500)	(5,000)
	<b>59,500</b>	5,000

The Ontario Trillium Foundation 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 Ontario Trillium Foundation are recognized as revenues when the related expenditures are incurred. The funding period is September 17, 2019 - September 16, 2020.

The Canada Arts Presentation funds are restricted in that the expenditures incurred must be used to cover costs for artists to host educator workshops as outlined by the agreement. Funds received from the Canada Arts Presentation are recognized as revenues when the related expenditures are incurred. The funding period for this revenue is April 1, 2019 to March 31, 2020.

The Kaleidoscope in Schools funds are restricted in that the expenditures incurred must be used to fund the Kaleidoscope in Schools program. Funds received are recognized as revenues when the related expenditures are incurred.

**6. DEFERRED CONTRIBUTIONS**

The Organization's deferred contributions consists of the following:

	2019	2018
	\$	\$
Balance - beginning of year	50,886	4,744
Funds received - special project	-	50,000
Amortization of deferred contributions	<b>(7,423)</b>	(3,858)
	<b>43,463</b>	50,886
Less: current portion	<b>28,607</b>	41,087
	<b>14,856</b>	9,799

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:

	2019	2018
	\$	\$
Classical Music Series Fund	69,267	71,991
Contingency Fund	152,274	147,000
Special Project Fund	20,000	20,000
	<b>241,541</b>	238,991

The Board of Directors approved to internally restrict \$5,274 (2018 - \$22,000) from the unrestricted net assets to the Contingency Fund. In addition the Board of Directors approved a transfer of \$2,725 from the Classical Music Series Fund to the unrestricted fund (2018 - \$3,450 from the unrestricted fund to the Classical Music Series 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% per annum. The authorized limit is \$10,000 and available credit at year end is \$5,906 (2018 - \$7,084).

**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 \$694,315 (2018 - \$591,761). Included in this amount are administrative salaries and benefits of \$153,298 (2018 - \$137,752) 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:

	2019	2018
	\$	\$
Municipal grants	465,700	415,700
Federal grants	46,231	-
Provincial grants	10,000	27,414
	<b>521,931</b>	<b>443,114</b>

**11. ECONOMIC DEPENDENCE**

The Organization's revenues, substantially derived from a grant of \$465,700 (2018 - \$415,700), 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 2018.

### **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.

## **13. SUBSEQUENT EVENT**

In March 2020, the World Health Organization declared the outbreak of COVID-19 as a pandemic, resulting in the federal, provincial, local governments and private entities mandating various restrictions, including but not limited to travel restrictions, restrictions on public gatherings, closure of non-essential businesses, and stay at home advisories. These advisories and closures have extended to cultural programs and events that this Organization provides to its members and the public at large. In recognition of this international health emergency, the Organization closed its venue and cancelled programs as of March 13, 2020. Where possible staff have moved to remote offices and the delivery of cultural services virtually. Future programs and events requiring physical proximity have been postponed indefinitely.

As the pandemic is complex and rapidly evolving, the Organization will continue to monitor developments and recommendations at the national, provincial and local level in order to evaluate the possible extension to the postponement. The full extent and duration of the impact of COVID-19 on the Organization's statement of operations, financial position and cash flows is currently unknown and depends on future developments that are uncertain and unpredictable, including the duration and severity of the pandemic.

## **14. COMPARATIVE FIGURES**

Certain of the comparative figures have been reclassified in order to conform with the basis of presentation adopted in the current year.