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

**FINANCIAL STATEMENTS**
**DECEMBER 31, 2022**

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FOSTER ▪ THIBEAULT ▪ YOUELL ▪ RADLEY
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, 2022 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, 2022, 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.

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## 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.

Foster Thibeault Yorell Radley

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

Aurora, Ontario
May 17, 2023

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# CHURCH STREET SCHOOL CULTURAL CENTRE
## O/A AURORA CULTURAL CENTRE
### STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
### DECEMBER 31, 2022

| | Note Reference | 2022 | 2021 |
|---|---|---|---|
| | | $ | $ |
| **REVENUES** | | | |
| Grant - Town of Aurora operating | | **523,100** | 501,680 |
| Grant - Town of Aurora special funding | | **189,889** | 13,048 |
| Grants - Provincial | | **174,700** | 47,408 |
| Grants - Federal | | **218,467** | 125,179 |
| Programs | | **157,091** | 56,289 |
| Fundraising, donations and sponsorships | | **84,638** | 73,345 |
| | | **1,347,885** | 816,949 |
| **EXPENDITURES** | | | |
| Administrative salaries and benefits | 11 | **61,144** | 63,910 |
| Programs | | **410,744** | 209,284 |
| Programming salaries and wages | 11 | **725,059** | 433,143 |
| Office expenses | | **46,415** | 36,993 |
| Professional fees | | **75,536** | 40,191 |
| Fundraising | | **14,442** | 17,058 |
| Insurance | | **10,815** | 10,159 |
| Amortization | | **9,445** | 6,211 |
| | | **1,353,600** | 816,949 |
| **DEFICIENCY OF REVENUES OVER EXPENDITURES** | | **(5,715)** | - |
| **NET ASSETS** - Beginning of year | | **380,203** | 380,203 |
| **NET ASSETS** - End of year | | **374,488** | 380,203 |

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# CHURCH STREET SCHOOL CULTURAL CENTRE
## O/A AURORA CULTURAL CENTRE
### STATEMENT OF FINANCIAL POSITION
### DECEMBER 31, 2022

| | Note Reference | 2022 | 2021 |
|---|---|---|---|
| | | $ | $ |
| **ASSETS** | | | |
| **CURRENT ASSETS** | | | |
| Cash | | **254,834** | 291,812 |
| Restricted cash | **3** | **360,599** | 355,298 |
| Amounts receivable | | **175,713** | 36,908 |
| Prepaid expenses | | **12,650** | 15,793 |
| | | **803,796** | 699,811 |
| Capital assets | **4** | **35,143** | 3,787 |
| | | **838,939** | 703,598 |
| **LIABILITIES AND NET ASSETS** | | | |
| **CURRENT LIABILITIES** | | | |
| Accounts payable and accruals | | **49,886** | 56,452 |
| Revenues received in advance | | **80,038** | 43,876 |
| Deferred grants | **5** | **211,919** | 132,380 |
| Deferred contributions | **6** | **28,607** | 28,607 |
| | | **370,450** | 261,315 |
| Deferred contributions | **6** | **34,001** | 2,080 |
| Loan payable | **7** | **60,000** | 60,000 |
| | | **464,451** | 323,395 |
| **NET ASSETS** | | | |
| Unrestricted | | **12,747** | 23,198 |
| Internally restricted | **8** | **329,014** | 326,298 |
| Externally restricted | **9** | **31,585** | 29,000 |
| Invested in capital assets | | **1,142** | 1,707 |
| | | **374,488** | 380,203 |
| | | **838,939** | 703,598 |

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

Approved on behalf of the Board:

DocuSigned by: Laura Hostick 40AB9F092D374AB... Director

DocuSigned by: Eric Acker B1A2C88B167749F... Director

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# CHURCH STREET SCHOOL CULTURAL CENTRE
## O/A AURORA CULTURAL CENTRE
### STATEMENT OF CASH FLOWS
### DECEMBER 31, 2022

| | 2022 | 2021 |
|---|---|---|
| | $ | $ |
| **OPERATING ACTIVITIES** | | |
| Deficiency of revenues over expenditures | **(5,715)** | - |
| Expenditures/revenues not requiring/(providing) cash: | | |
| Amortization | **9,445** | 6,211 |
| Amortization of deferred contributions | **(8,880)** | (5,645) |
| Deferred grants recognized as revenue | **(254,900)** | (25,500) |
| | **(260,050)** | (24,934) |
| Non-cash working capital items: | | |
| Amounts receivable | **(138,805)** | 1,121 |
| Prepaid expenses | **3,143** | (12,807) |
| Accounts payable and accruals | **(6,566)** | 18,026 |
| Revenues received in advance | **36,162** | 10,059 |
| Grants received | **334,439** | 104,400 |
| | **(31,677)** | 95,865 |
| **FINANCING ACTIVITIES** | | |
| Restricted cash | **(5,301)** | (6,557) |
| Deferred contributions | **40,801** | - |
| Loan payable | **-** | 20,000 |
| | **35,500** | 13,443 |
| **INVESTING ACTIVITIES** | | |
| Acquisition of capital assets | **(40,801)** | - |
| **INCREASE/(DECREASE) IN CASH** | **(36,978)** | 109,308 |
| **CASH** - Beginning of year | **291,812** | 182,504 |
| **CASH** - End of year | **254,834** | 291,812 |

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## 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.

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## 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 |

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

### 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, accounts payable and accrued liabilities, revenue received in advance, deferred grants and contributions, 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, deferred contributions, and loan payable 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:

| | 2022 | 2021 |
|---|---|---|
| | $ | $ |
| Internally restricted: | | |
| Classical Music Series Fund | **76,740** | 74,024 |
| Contingency Fund | **182,274** | 182,274 |
| Special Project Fund | **70,000** | 70,000 |
| | **329,014** | 326,298 |
| Externally restricted: | | |
| Private donations - Kaleidoscope in the Schools | **31,585** | 29,000 |
| | **360,599** | 355,298 |

See Notes 8 and 9 for descriptions of the internally and externally restricted funds.

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## 4. CAPITAL ASSETS

| | 2022 | | 2021 | |
|---|---|---|---|---|
| | Original Cost | Accumulated Amortization | Original Cost | Accumulated Amortization |
| | $ | $ | $ | $ |
| Computers and equipment | **42,127** | **7,904** | 1,326 | 662 |
| Music instruments | **1,227** | **307** | 1,227 | 184 |
| Special project equipment | **21,393** | **21,393** | 21,393 | 19,313 |
| | **64,747** | **29,604** | 23,946 | 20,159 |
| **Net Book Value** | | **35,143** | | **3,787** |

## 5. DEFERRED GRANTS

Deferred grants consists of the following:

| | 2022 | | | |
|---|---|---|---|---|
| | Opening | Received /(Repaid) | Recognized | Closing |
| | $ | $ | $ | $ |
| Ontario Trillium Foundation - Community Building | 50,000 | 50,000 | (100,000) | **-** |
| Ontario Trillium Foundation - Resilient Communities | - | 57,900 | (45,801) | **12,099** |
| Ontario Trillium Foundation - Grow Grant | 56,800 | 66,800 | (32,900) | **90,700** |
| Canadian Heritage - Arts Presentation Fund | 6,000 | 11,000 | (11,000) | **6,000** |
| Canadian Heritage - Reopening Fund Component | - | 87,685 | (25,099) | **62,586** |
| Canadian Heritage - Re-engaging Audiences | - | 55,000 | (14,466) | **40,534** |
| New Horizons for Seniors | 9,580 | (3,946) | (5,634) | **-** |
| Ontario Arts Council - Arts Response Initiative | 10,000 | 10,000 | (20,000) | **-** |
| | **132,380** | **334,439** | **(254,900)** | **211,919** |

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## 5. DEFERRED GRANTS (continued)

| | 2021 | | | |
|---|---|---|---|---|
| | Opening | Received | Recognized | Closing |
| | $ | $ | $ | $ |
| Ontario Trillium Foundation - Community Building | - | 50,000 | - | **50,000** |
| Ontario Trillium Foundation - Grow Grant | 33,400 | 33,400 | (10,000) | **56,800** |
| Canadian Heritage Grant | 5,500 | 11,000 | (10,500) | **6,000** |
| New Horizons for Seniors | 9,580 | - | - | **9,580** |
| COVID Emergency Support | 5,000 | - | (5,000) | **-** |
| Ontario Arts Council - Arts Response Initiative | - | 10,000 | - | **10,000** |
| | **53,480** | **104,400** | **(25,500)** | **132,380** |

Grants received as outlined above are restricted in that the expenditures incurred must be used to meet certain expected results and performance indicators as outlined by the various agreements. The revenues are recognized when the related expenditures are incurred.

The Ontario Trillium Foundation Community Building Fund awarded a grant of $100,000 to be used over 12 months commencing in September 2021 to support staff salaries during reopening. Of this, $50,000 was received in 2021 and $50,000 received in 2022. The full amount of $100,000 was recognized as revenue in 2022.

The Ontario Trillium Foundation Resilient Communities Fund awarded a grant of $64,300 to be used over 9 months commencing in August 2022 to support programming and strategic direction, updating health and safety policies, purchasing cleaning supplies and equipment to allow live streaming. Of this, $57,900 was received in 2022 and $45,801 was recognized as revenue including $40,801 used for IT equipment purchases. This equipment is included in deferred contributions in note 6. The remaining $6,400 balance of the grant is to be received in 2023.

The Ontario Trillium Foundation Grow Grant is the $200,000 grant to expand the Kaleidoscope in the Schools program with a term of 36 months beginning August 2020. $133,600 has been received to date of which $42,900 has been recognized. The parties agreed to postpone receipt of the final payment in the amount of $66,400 until 2023.

The Canada Heritage Arts Presentation Fund Program has a funding period of April 1, 2022 to March 31, 2023, with 50% of the revenue being recognized in 2022 and the remaining 50% to be recognized in 2023. An additional $1,000 was received as a top-up to be recognized in 2023.

The Canada Heritage Presentation Fund Program awarded an additional $87,685 under the Celebration and Commemoration Program, Reopening Fund Component. This grant is to be used over 12 months commencing in August 2022 to support reopening events and related programming salaries. The full amount was received in 2022 of which $25,099 has been recognized as revenue.

The Canada Heritage Arts Presentation Fund Program awarded an additional $55,000 under the Re-engaging Audiences Fund. This grant is to be used over 12 months commencing in August 2022 to support promotional expenses. The full amount was received in 2022 of which $14,466 has been recognized as revenue.

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## 5. DEFERRED GRANTS (continued)

Employment and Social Development Canada awarded a grant of $12,829 under the New Horizons for Seniors Program in March of 2020. This grant was to be used over 24 months commencing in March 2020 to support marketing expenses and volunteer recruitment. The project concluded in 2022 and unused funds of $3,946 were repaid by the Organization.

## 6. DEFERRED CONTRIBUTIONS

The Organization's deferred contributions consists of the following:

| | 2022 | 2021 |
|---|---|---|
| | $ | $ |
| Balance - beginning of year | **30,687** | 36,332 |
| Funds received - Ontario Trillium Foundation Resilient Communities Fund | **40,801** | - |
| Amortization of deferred contributions | **(8,880)** | (5,645) |
| | **62,608** | 30,687 |
| Less: current portion | **28,607** | 28,607 |
| | **34,001** | 2,080 |

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. LOAN PAYABLE

As part of the government initiative to assist small business during COVID, the Organization applied for and received the additional $20,000 advance of the Canada Emergency Business Account (CEBA Loan). The terms of the loan changed in 2021 due to the extended impact of COVID and the loan is now interest free with no principal repayments due until December 31, 2023. If, on or before December 31, 2023, the Organization repays at least $40,000 of the CEBA loan amount, the remaining $20,000 of the loan will be forgiven. If less than $40,000 of the loan is repaid on or before December 31, 2023 the loan will automatically extend starting on January 1, 2024 for an additional term, maturing on December 31, 2025 with an interest rate of 5% per annum and interest payable monthly. Prior to December 31, 2025 there is no requirement to repay any principal amounts provided the loan is not in default.

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## 8. INTERNALLY RESTRICTED

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

| | 2022 | 2021 |
|---|---|---|
| | $ | $ |
| Classical Music Series Fund | **76,740** | 74,024 |
| Contingency Fund | **182,274** | 182,274 |
| Special Project Fund | **70,000** | 70,000 |
| | **329,014** | 326,298 |

The Board of Directors approved to internally restrict $nil (2021 - $nil) and $nil (2021 - $nil) from the unrestricted net assets to the Contingency Fund and Special Project Reserve Fund respectively. In addition, the Board of Directors approved a transfer of $2,716 (2021 - $4,557) to the Classical Music Series Fund from 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 in advance 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. The current year allocation has been designated to fund diversity and inclusion strategic initiatives.

## 9. EXTERNALLY RESTRICTED

The Organization's externally restricted assets consists of the following:

| | 2022 | 2021 |
|---|---|---|
| | $ | $ |
| Balance - beginning of year | **29,000** | 27,000 |
| Donations received | **8,650** | 2,000 |
| Expenditures in the year | **(6,065)** | - |
| | **31,585** | 29,000 |

The Kaleidoscope in Schools program was initiated in 2019 and a number of private donations have been received since that time. These donations were restricted for the exclusive purpose of the program. Due to COVID related school closures, the program was suspended. With the planned expansion of the program in fiscal 2023, the Organization will continue to conduct various fundraising activities to supplement any donations or funding provided by external parties. This will facilitate the budgeting and planning process with the applicable school boards in advance of the fall school session.

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## 10. CREDIT FACILITY

The Organization has a credit card that bears interest at 19.50% per annum. The authorized limit is $20,000. As at December 31, 2022, $11,264 owing on the credit card is included in accounts payable and accruals (2021 - $7,095).

## 11. PROGRAM EXPENDITURES

The Organization's Provision of Cultural Service Agreement ("the Agreement") with the Town of Aurora (see Note 13) contains certain clauses regarding Key Performance Indicators ("KPI"). In order to provide information in respect of the core program activities provided by the Organization, management has identified all expenditures related to programming which amount to $1,145,248 (2021 - $648,638). Included in this amount are administrative salaries and benefits of $138,384 (2021 - $143,400) which have been allocated to program expenditures based on the estimated amount of time spent as determined by management. The salaries and benefits reflected in the financial statements are net of the Canadian Emergency Wage Subsidy (CEWS) amounts received. The amount received related to administrative and programming salaries was $5,081 (2021 - $25,575) and $33,189 (2021 - $172,351) respectively.

## 12. GRANT REVENUE

Included in total revenue are the following grants:

| | 2022 | 2021 |
|---|---|---|
| | $ | $ |
| Municipal grants - Operating | **523,100** | 501,680 |
| Municipal grants - Special Funding Project | **50,000** | - |
| Municipal grants - Special Funding Aurora Town Square Offsite Costs | **139,889** | 13,048 |
| Federal grants | **218,467** | 125,179 |
| Provincial grants | **174,700** | 47,408 |
| | **1,106,156** | 687,315 |

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## 13. ECONOMIC DEPENDENCE

The Organization's revenue, substantially derived from a grant of $523,100 (2021 - $501,680), 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.

## 14. 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 2021.

**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.

## 15. COMPARATIVE FIGURES

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