

ELORA CENTRE FOR THE ARTS
FINANCIAL STATEMENTS
FOR THE year ENDED AUGUST 31, 2021

ELORA CENTRE FOR THE ARTS
INDEX TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021

| | Page |
|------------------------------------|--------|
| INDEPENDENT AUDITOR'S REPORT | 3 - 4 |
| FINANCIAL STATEMENTS | |
| Statement of Financial Position | 5 |
| Statement of Changes in Net Assets | 6 |
| Statement of Operations | 7 |
| Statement of Cash Flows | 8 |
| Notes to the Financial Statements | 9 - 14 |

INDEPENDENT AUDITOR'S REPORT

To the Members of: Elora Centre for the Arts

Qualified Opinion

We have audited the accompanying financial statements of Elora Centre for the Arts, which comprise the statement of financial position as at August 31, 2021 and the statements of changes in net assets, operations 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 effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of Elora Centre for the Arts as at August 31, 2021 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 some of its revenues from donations and fundraising activities, 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, net revenues over expenditures and cash flows from operations for the years ended August 31, 2021 and August 31, 2020, current assets as at August 31, 2021 and August 31, 2020, and net assets as at September 1 and August 31 for the 2021 and 2020 years. Our audit opinion on the financial statements for the year ended August 31, 2020 was modified accordingly because of the possible effects of this 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 Elora Centre for the Arts 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 audit 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 a 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 judgement 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 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.



Guelph, Ontario
November 24, 2021

Chartered Professional Accountants
Licensed Public Accountants

ELORA CENTRE FOR THE ARTS
 STATEMENT OF FINANCIAL POSITION
 AS AT AUGUST 31, 2021

| | 2021 | 2020 |
|--|-------------------|-------------------|
| ASSETS | | |
| CURRENT | | |
| Cash (note 5) | \$ 214,059 | \$ 137,556 |
| Accounts receivable | 11,115 | 4,066 |
| Government assistance receivable (note 12) | 7,036 | 3,870 |
| Government remittances receivable | <u>7,411</u> | <u>0</u> |
| | 239,621 | 145,492 |
| CAPITAL ASSETS (note 4) | <u>312,478</u> | <u>316,703</u> |
| | <u>\$ 552,099</u> | <u>\$ 462,195</u> |
| LIABILITIES | | |
| CURRENT | | |
| Accounts payable and accrued liabilities | \$ 37,334 | \$ 12,576 |
| Government remittances payable | 0 | 5,668 |
| Deferred contributions (note 6) | 185,971 | 123,074 |
| Deferred income | 14,026 | 10,891 |
| Current portion of long term debt (note 7) | <u>15,737</u> | <u>15,181</u> |
| | 253,068 | 167,390 |
| LONG TERM DEBT (note 7) | <u>227,709</u> | <u>243,571</u> |
| | <u>480,777</u> | <u>410,961</u> |
| NET ASSETS | | |
| INVESTED IN CAPITAL ASSETS | 69,033 | 57,951 |
| UNRESTRICTED NET ASSETS | (476) | (9,482) |
| RESTRICTED NET ASSETS - LIPTON FUND | <u>2,765</u> | <u>2,765</u> |
| | <u>71,322</u> | <u>51,234</u> |
| | <u>\$ 552,099</u> | <u>\$ 462,195</u> |

APPROVED ON BEHALF OF THE BOARD:

Shirley Kay Director
Matt Reed Director

ELORA CENTRE FOR THE ARTS
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED AUGUST 31, 2021

| | Invested In Capital Assets | Unrestricted Net Assets | Lipton Fund | 2021 | 2020 |
|--|---|------------------------------------|------------------------|------------------|------------------|
| NET ASSETS, beginning of year | \$ 57,951 | \$ (9,482) | \$ 2,765 | \$ 51,234 | \$ 46,087 |
| Net (expenditures over revenues) revenues over expenditures | (15,236) | 35,324 | 0 | 20,088 | 5,147 |
| Interfund transfers (note 2(f)) | <u>26,318</u> | <u>(26,318)</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| NET ASSETS, end of year | <u>\$ 69,033</u> | <u>\$ (476)</u> | <u>\$ 2,765</u> | <u>\$ 71,322</u> | <u>\$ 51,234</u> |

ELORA CENTRE FOR THE ARTS
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED AUGUST 31, 2021

| | 2021 | 2020 (note 8) |
|---------------------------------------|------------------|-------------------------|
| REVENUES | | |
| Grant (note 9) | \$ 152,723 | \$ 56,605 |
| Rental | 102,823 | 106,579 |
| Programs | 99,871 | 76,468 |
| Other (note 12) | 57,269 | 3,797 |
| Donations | 16,468 | 54,525 |
| Fundraising | <u>4,820</u> | <u>567</u> |
| | <u>433,974</u> | <u>298,541</u> |
| EXPENDITURES | | |
| Wages and benefits | 167,615 | 100,159 |
| Property (note 11) | 71,116 | 71,778 |
| Programs | 57,220 | 22,143 |
| Marketing | 52,372 | 25,828 |
| Artist fees | 19,143 | 14,047 |
| Bank charges and interest | 17,574 | 18,300 |
| Administration (note 10) | 13,610 | 23,762 |
| Fundraising | <u>0</u> | <u>545</u> |
| | <u>398,650</u> | <u>276,562</u> |
| SURPLUS BEFORE AMORTIZATION | 35,324 | 21,979 |
| AMORTIZATION | <u>(15,236)</u> | <u>(16,832)</u> |
| NET REVENUES OVER EXPENDITURES | <u>\$ 20,088</u> | <u>\$ 5,147</u> |

ELORA CENTRE FOR THE ARTS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2021

| | 2021 | 2020 |
|--|-------------------|-------------------|
| CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | | |
| Net revenues over expenditures for the year | \$ 20,088 | \$ 5,147 |
| Items not requiring an outlay of cash | | |
| Amortization | <u>15,236</u> | <u>16,832</u> |
| | 35,324 | 21,979 |
| Changes in non-cash working capital | | |
| Accounts receivable | (7,049) | (3,012) |
| Government assistance receivable | (3,166) | (3,870) |
| Prepaid expenses | 0 | 1,822 |
| Government remittances receivable/payable | (13,079) | (1,580) |
| Accounts payable and accrued liabilities | 24,758 | (3,770) |
| Deferred contributions | 62,897 | 69,031 |
| Deferred income | <u>3,135</u> | <u>8,919</u> |
| | <u>102,820</u> | <u>89,519</u> |
| CASH (USED IN) FINANCING ACTIVITIES | | |
| Repayment of long term debt | <u>(15,306)</u> | <u>(14,759)</u> |
| CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES | | |
| Additions to capital assets | <u>(11,011)</u> | <u>0</u> |
| NET INCREASE IN CASH | 76,503 | 74,760 |
| NET CASH, BEGINNING OF YEAR | <u>137,556</u> | <u>62,796</u> |
| NET CASH, END OF YEAR | <u>\$ 214,059</u> | <u>\$ 137,556</u> |

ELORA CENTRE FOR THE ARTS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

1. NATURE OF ORGANIZATION

The organization is a registered charity under paragraph 149(1)(f) of the Income Tax Act and, as such, is exempt from income taxes. The Elora Centre for the Arts is incorporated by letters patent without share capital under the Corporations Act of Ontario. The organization exists to renovate and maintain the former Elora Junior School building and associated lands at Elora, Ontario, as an arts school and cultural centre to serve the local community. The organization has established in this centre a public gallery dedicated to the exhibition and promotion of the arts and provides lectures, seminars, workshops and other forums for public education as well as studio and meeting space. The organization strives to provide a stimulating, welcoming venue for community youth aimed at enhancing artistic and cultural awareness and skills promoting co-operation and learning.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not for profit organizations and include the following significant accounting policies:

(a) **BASIS OF PREPARATION**

These financial statements have been prepared in accordance with Canadian accounting standards for not for profit organizations applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the organization be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying financial statements.

The accompanying financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the organization be unable to continue its existence.

(b) **CAPITAL ASSETS**

Capital assets are recorded at cost and amortized on the basis of their estimated useful lives using the following methods and rates:

| | |
|-------------------------|--------------------------------|
| Building | - 5 % declining balance basis |
| Furniture and equipment | - 20 % declining balance basis |
| Computer equipment | - 20 % declining balance basis |

Amortization is recorded at 50% of the above rates in the year of addition.

(c) **IMPAIRMENT OF LONG LIVED ASSETS**

Long lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

ELORA CENTRE FOR THE ARTS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) USE OF ESTIMATES

The preparation of financial statements in conformity with Canadian generally accepted accounting principles for not for profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant areas requiring management's estimates include amortization of capital assets and accrued liabilities. Actual results could differ from those estimates.

(e) FINANCIAL INSTRUMENTS

Measurement of financial instruments

The organization initially measures its financial assets and liabilities at fair value. The organization subsequently measures all its financial assets and financial liabilities at amortized cost.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. If an impairment has occurred, the carrying amount of financial assets measured at amortized cost is reduced to the greater of the discounted future cash flows expected or the proceeds that could be realized from the sale of the financial asset. The amount of the write-down is recognized in net surplus. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net surplus.

Transaction costs

The organization recognizes its transaction costs in net surplus in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

(f) INTERFUND TRANSFERS

Transfers are made between unrestricted net assets and net assets invested in capital assets to fund capital purchases and to issue or repay debt used to finance the land and building.

(g) CONTRIBUTED MATERIALS AND SERVICES

Contributed materials, used in the normal course of operations, are recognized in the financial statements when the fair value can be reasonably estimated and the materials would otherwise have been purchased.

ELORA CENTRE FOR THE ARTS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) FUND ACCOUNTING

General operating fund

The general operating fund reports resources available for the organization's general operating activities.

Lipton fund

The Lipton fund reports internally restricted resources that are to be used for education purposes as decided by the committee administering the fund.

(i) REVENUE RECOGNITION

The organization follows the deferral method of accounting for contributions. Externally restricted contributions, comprised of grants, donations and fundraising revenue, are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Programs revenue is recognized as revenue when the programs are held.

Rental revenue is recognized as revenue when earned and collection is reasonably assured.

3. FINANCIAL INSTRUMENTS

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant credit, currency, liquidity, or other price risks arising from the financial instruments.

The extent of the organization's exposure to these risks did not change in 2021 compared to the previous period.

The organization does not have a significant exposure to any individual customer or counterpart.

Transacting in financial instruments exposes the organization to certain financial risks and uncertainties. These risks include:

Liquidity risk

Liquidity risk is the risk that the organization will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to liquidity risk as a result of current liabilities exceeding current assets. The organization controls liquidity risk by the management of working capital and cash flows and the availability of borrowing facilities.

ELORA CENTRE FOR THE ARTS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

4. CAPITAL ASSETS

| | Cost | Accumulated Amortization | Net 2021 | Net 2020 |
|-------------------------|-------------------|-----------------------------|-------------------|-------------------|
| Land | \$ 100,000 | \$ 0 | \$ 100,000 | \$ 100,000 |
| Building | 385,059 | 194,583 | 190,476 | 189,221 |
| Furniture and equipment | 72,413 | 51,203 | 21,210 | 26,514 |
| Computer equipment | <u>2,090</u> | <u>1,298</u> | <u>792</u> | <u>968</u> |
| | <u>\$ 559,562</u> | <u>\$ 247,084</u> | <u>\$ 312,478</u> | <u>\$ 316,703</u> |

5. LINE OF CREDIT

The organization has utilized \$nil (2020 - \$nil) of an authorized operating line of credit with a limit up to a maximum of \$15,000. The line of credit bears interest at 5.2%. The line of credit is secured by a general security agreement. No conditions regarding this loan have been breached at year end and no accrued interest relating to this loan is owing.

6. DEFERRED CONTRIBUTIONS

Changes in the deferred contributions balance are as follows:

| | 2021 | 2020 |
|--|-------------------|-------------------|
| Beginning balance | \$ 123,074 | \$ 54,043 |
| Less amount expended in the year | (152,723) | (10,185) |
| Add amount received relating to the following year | <u>215,620</u> | <u>79,216</u> |
| Ending balance | <u>\$ 185,971</u> | <u>\$ 123,074</u> |

7. LONG TERM DEBT

| | 2021 | 2020 |
|--|-------------------|-------------------|
| Township of Centre Wellington mortgage, non-interest bearing, secured by land and building as disclosed in note 4, repayable in monthly instalments of \$417, due December 15, 2028 | \$ 36,667 | \$ 41,667 |
| Libro Credit Union mortgage, with interest at the rate of 5.22%, secured by land and building as disclosed in note 4, maturing in March 1, 2023, blended monthly payments of \$1,773 | <u>206,779</u> | <u>217,085</u> |
| | 243,446 | 258,752 |
| Less cash repayments required within 12 months | <u>15,737</u> | <u>15,181</u> |
| | <u>\$ 227,709</u> | <u>\$ 243,571</u> |
| Future payments on long term debt: | | |
| 2022 | \$ 15,737 | |
| 2023 | 201,042 | |
| 2024 | 5,000 | |
| 2025 | 5,000 | |
| 2026 | 5,000 | |
| Thereafter | <u>11,667</u> | |
| | <u>\$ 243,446</u> | |

ELORA CENTRE FOR THE ARTS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

8. CORRESPONDING FIGURES

Certain figures presented for corresponding purposes have been reclassified to conform to the current year's presentation.

9. GRANT REVENUE

During the year, the organization received or had receivable, funding from various levels of government and other organizations, as follows:

| | 2021 | 2020 |
|-------------------------------|-------------------|------------------|
| Federal and provincial grants | \$ 88,208 | \$ 6,117 |
| County and municipal grants | 39,600 | 47,404 |
| Other grants | 19,116 | 0 |
| Community foundation grants | <u>5,799</u> | <u>3,084</u> |
| | <u>\$ 152,723</u> | <u>\$ 56,605</u> |

The organization has met all relevant terms and conditions with respect to government assistance and, as of the date of this report, does not anticipate any liability for repayment.

10. ADMINISTRATION EXPENDITURES

| | 2021 | 2020 |
|--------------------------------------|------------------|------------------|
| Professional fees | \$ 6,270 | \$ 8,288 |
| Telephone and internet | 2,066 | 1,201 |
| Computer software | 1,979 | 3,521 |
| Transportation | 1,460 | 0 |
| Miscellaneous | 972 | 1,287 |
| Office | 863 | 8,691 |
| Strategic plan and board development | <u>0</u> | <u>774</u> |
| | <u>\$ 13,610</u> | <u>\$ 23,762</u> |

ELORA CENTRE FOR THE ARTS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

11. PROPERTY EXPENDITURES

| | 2021 | 2020 |
|-------------------------|------------------|------------------|
| Repairs and maintenance | \$ 38,487 | \$ 38,333 |
| Utilities | 15,617 | 13,380 |
| Property taxes | 11,878 | 14,378 |
| Insurance | 4,511 | 5,064 |
| Security | <u>623</u> | <u>623</u> |
| | <u>\$ 71,116</u> | <u>\$ 71,778</u> |

12. MATERIAL UNCERTAINTY RELATED TO THE NOVEL CORONAVIRUS (COVID-19)

During and subsequent to year end, the Novel Coronavirus (COVID-19) significantly impacted the economy in Canada and globally. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of any business disruption and the related financial impact cannot be reasonably estimated at this time. This may impact the timing and amounts realized on the organization's assets and its future ability to deliver all services.

As a result of the pandemic, the organization received \$50,948 (2020 - \$3,870) from the Canada Emergency Wage Subsidy and \$6,321 (2020 - \$nil) from the Canada Emergency Rent Subsidy.