

ARTS ORILLIA

2023 Financial Statements

ARTS ORILLIA
2023 Financial Statements

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Independent Auditor's Report

**To the board of directors of
Arts Orillia**

Qualified Opinion

We have audited the financial statements of Arts Orillia, which comprise the statement of financial position as at March 31, 2023, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Except as noted in the following paragraph, in our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Charity as at March 31, 2023 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 not-for-profit organizations, the Charity derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Charity. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2023 and 2022, current assets as at March 31, 2023 and 2022, and net assets as at April 1 and March 31 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended March 31, 2022 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 the Charity 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 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 ASNPO, 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 Charity'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 Charity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Charity'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 judgment and maintain professional skepticism throughout the audit. We also:

Independent Auditor's Report — continued

- ◆ 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 Charity'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 Charity'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 Charity 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.



Matthew G. Dixon
Chartered Professional Accountant
Licensed Public Accountant
Orillia, Ontario
August 30, 2023

ARTS ORILLIA
Statement of Financial Position
As at March 31, 2023

	2023	2022
ASSETS		
Current assets		
Cash	\$ 24,112	\$ 132,176
Accounts receivable	-	1,100
Prepaid expenses	754	-
HST receivable	10,030	1,276
	\$ 34,896	\$ 134,552


LIABILITIES AND FUND BALANCES

Current liabilities		
Accounts payable and accrued liabilities	\$ 2,889	\$ 3,296
Deferred revenue (note 3)	-	113,854
	2,889	117,150
Unrestricted net assets	32,007	17,402
	\$ 34,896	\$ 134,552

See accompanying notes

On behalf of the Board

Fred Larsen, Chair  Director

Noah Man, Treasurer  Director

ARTS ORILLIA
Statement of Operations
Year ended March 31, 2023

	2023	2022
Revenue		
Donations	\$ 14,338	\$ 8,690
Grant income	195,788	23,988
Interest and other	16,109	2,132
	226,235	34,810
Expenditures		
Administrative expenses	11,631	8,911
Artistic expense	97,293	12,338
Bank charges	66	21
Education and training	7,275	-
Insurance	2,187	900
Production expenses	3,338	4,080
Professional fees	11,850	6,714
Rent expense	1,392	624
Staff and contractors	76,598	17,637
	211,630	51,225
Excess (deficiency) of revenue over expenditures	\$ 14,605	\$ (16,415)

See accompanying notes

ARTS ORILLIA
Statement of Changes in Net Assets
Year ended March 31, 2023

	2023	2022
Surplus, beginning of year	\$ 17,402	\$ 33,817
<u>Excess (deficiency) of revenue over expenditures</u>	<u>14,605</u>	<u>(16,415)</u>
Surplus, end of year	\$ 32,007	\$ 17,402

See accompanying notes

ARTS ORILLIA
Statement of Cash Flows
Year ended March 31, 2023

	2023	2022
Operating activities		
Excess (deficiency) of revenue over expenditures	\$ 14,605	\$ (16,415)
Net change in non-cash working capital items		
Accounts receivable	1,100	22,000
Prepaid expenses	(754)	104
HST rebate receivable	(8,754)	(630)
Accounts payable and accrued liabilities	(407)	471
Deferred revenue	(113,854)	77,157
	(122,669)	99,102
Net change in cash during the year	(108,064)	82,687
Cash, beginning of year	132,176	49,489
Cash, end of year	\$ 24,112	\$ 132,176

See accompanying notes

ARTS ORILLIA
Notes to Financial Statements
Year ended March 31, 2023

1. Nature of operations

Arts Orillia was incorporated on May 15, 2015 under the laws of Ontario without share capital. The business of the charity is to be carried on without the purpose of gain for its members or directors and any profits to the corporation shall be used in promoting its objectives.

The purpose of the charity is to facilitate the development of a variety of cultural and educational activities and programs and encouraging visitation by Ontarians attracted by those activities and programs. Also to investigate and promote the development of ancillary economic and employment opportunities and initiatives that will support the above objects.

2. Summary of significant accounting policies

The financial statements are prepared by management in accordance with Canadian accounting standards for not-for-profit organizations.

The significant accounting policies used are as follows:

Cash and cash equivalents

Cash and cash equivalents is defined as cash on hand, cash on deposit, short-term deposits with maturity dates of less than 90 days, net of cheque's issued and outstanding at the reporting date.

Fund accounting deferred

The charity follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are made. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributed services

Volunteers contributed time to assist the charity in carrying out its activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Revenue recognition

Donations are recognized as revenue at the time pledges are made, provided that the amount can be reasonably estimated and that collection is reasonably assured.

Grant revenue is recognized when earned, received or when reasonable assurance is obtained that it will be collected.

Ticket sales are recognized as revenue on the date of the event.

Advertising

The charity expenses advertising costs as they are incurred.

Income taxes

No provision has been made for income taxes in these financial statements, as the organization is a charity and is tax exempt under the income tax act.

ARTS ORILLIA
Notes to Financial Statements
Year ended March 31, 2023

2. Summary of significant accounting policies — continued

Financial instruments

The charity measures its financial assets and financial liabilities at amortized cost, except for derivatives and equity securities quoted in an active market, which are subsequently measured at fair value. Changes in fair value are recognized in income.

Financial assets measured at amortized cost include cash.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and deferred revenue

Measurement uncertainty

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 and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

3. Deferred revenue

	Balance, beginning of year	Received	Recognized	Balance, end of year
Grant funding	\$ 113,854	\$ (210,917)	\$ 97,063	\$ -

4. Financial risks and concentration of risk

Liquidity risk

The charity does have a liquidity risk in the accounts payable and accrued liabilities of \$2,889 (2022 - \$3,296). Liquidity risk is the risk that the charity cannot repay its obligations when they become due to its creditors. The charity reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due; maintains an adequate line of credit to repay trade creditors and repays long term debt interest and principal as they become due. In the opinion of management the liquidity risk exposure to the charity is low and is not material.

Credit risk

The charity does have credit risk in accounts receivable of \$10,030 (2022 - \$1,100). Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The charity reduces its exposure to credit risk by performing credit valuations on a regular basis; granting credit upon a review of the credit history of the applicant and creating an allowance for bad debts when applicable. The charity maintains strict credit policies and limits in respect to counterparties. In the opinion of management the credit risk exposure to the charity is low and is not material.

5. Capital disclosure

The charity's objective when it comes to managing its capital (the charity considers its capital to be its Net Assets) is to safeguard its ability to continue as a going concern and provide not-for-profit programs to its members and community. The directors monitor the financial position to ensure this objective is met and makes adjustments as necessary in light of changes in economic conditions.