

CABBAGETOWN COMMUNITY ARTS CENTRE
Financial Statements
Year Ended August 31, 2024

CABBAGETOWN COMMUNITY ARTS CENTRE

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Year Ended August 31, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Members of Cabbagetown Community Arts Centre

Qualified Opinion

I have audited the financial statements of Cabbagetown Community Arts Centre (the organization), which comprise the statement of financial position as at August 31, 2024, and the statements of revenues and expenditures, changes in net debt and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of my report, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at August 31, 2024, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO)

Basis for Qualified Opinion

In common with many charitable organizations, the organization derives revenue from donations and fundraising the completeness of which is not susceptible of satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the organization and I was not able to determine whether any adjustments might be necessary to donations and fundraising revenue, excess of revenues over expenses, current assets and net assets. My audit opinion on the financial statements for the year ended August 31, 2023 was modified accordingly because of the possible effects of this limitation of scope.

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the organization in accordance with ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Other Matter

The financial statements for the year ended August 31, 2023 were audited by another auditor who expressed a qualified opinion on those financial statements on for the reasons described in the *Basis for Qualified Opinion* section.

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 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.

(continues)

Independent Auditor's Report to the Members of Cabbagetown Community Arts Centre (*continued*)

Those charged with governance are responsible for overseeing the organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I 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 I identify during my audit.

Ahil Ahlesan
Chartered Professional Accountant Professional Corporation

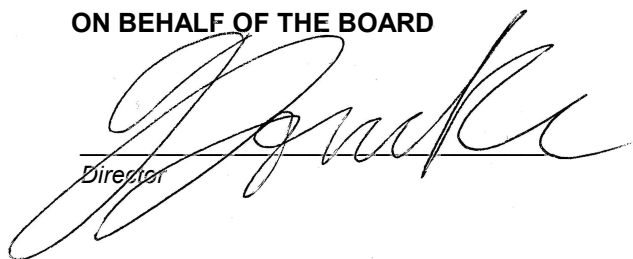
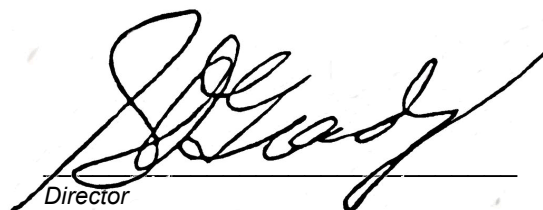
Markham, Ontario
May 6, 2025

CABBAGETOWN COMMUNITY ARTS CENTRE**Statement of Financial Position****August 31, 2024**

	2024	2023
ASSETS		
CURRENT		
Cash	\$ 26,327	\$ 96,473
Accounts receivable	356	789
Harmonized sales tax recoverable	4,032	7,689
	<u>\$ 30,715</u>	<u>\$ 104,951</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 9,148	\$ 6,431
Employee withholding tax payable	7,251	7,251
Current portion of Term loan and CEBA loan (Note 5)	8,000	40,000
Deferred grant (Note 6)	20,000	20,000
	<u>44,399</u>	<u>73,682</u>
TERM LOAN AND CEBA LOAN (Note 5)	<u>27,333</u>	<u>-</u>
	71,732	73,682
NET ASSETS (DEBT)	<u>(41,017)</u>	<u>31,269</u>
	<u>\$ 30,715</u>	<u>\$ 104,951</u>

LEASE COMMITMENT (Note 9)

LIQUIDITY (Note 1)

ON BEHALF OF THE BOARD
Director
Director

CABBAGETOWN COMMUNITY ARTS CENTRE**Statement of Revenues and Expenditures****Year Ended August 31, 2024**

	2024	2023
REVENUES		
Fundraising	\$ 85,347	\$ 78,781
Programs and instruction	50,568	39,163
Donations - corporate	10,003	35,000
Donations - foundation (Note 7)	33,976	29,627
Donations - third party	4,915	24,898
Donations - individual	1,826	2,985
Grants (Note 6)	20,000	18,400
	206,635	228,854
EXPENSES		
Occupancy costs	82,844	72,320
Program instruction	107,616	65,405
Sub contracts	58,511	46,248
Office and general	14,330	12,064
Professional fees	4,650	5,455
Bingo expenses	6,625	4,268
Bank charges	2,304	2,896
Program supplies	339	1,055
Interest on long term debt	1,702	-
	278,921	209,711
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ (72,286)	\$ 19,143

See notes to financial statements

CABBAGETOWN COMMUNITY ARTS CENTRE**Statement of Changes in Net Debt****Year Ended August 31, 2024**

	2024	2023 <i>Restated</i>
NET ASSETS - BEGINNING OF YEAR		
As previously reported	\$ 31,269	\$ 30,526
Prior period adjustments (<i>Note 8</i>)	<u>-</u>	<u>(18,400)</u>
As restated	31,269	12,126
Excess (deficiency) of revenues over expenses	<u>(72,286)</u>	<u>19,143</u>
NET ASSETS (DEBT) - END OF YEAR	<u>\$ (41,017)</u>	<u>\$ 31,269</u>

See notes to financial statements

CABBAGETOWN COMMUNITY ARTS CENTRE**Statement of Cash Flows****Year Ended August 31, 2024**

	2024	2023
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	<u>\$ (72,286)</u>	<u>\$ 19,143</u>
Changes in non-cash working capital:		
Accounts receivable	433	166
Accounts payable and accrued liabilities	2,716	(1,571)
Deferred grant	-	1,600
Harmonized sales tax payable	<u>3,657</u>	<u>(118)</u>
	<u>6,806</u>	<u>77</u>
Cash flow from (used by) operating activities	<u>(65,480)</u>	<u>19,220</u>
FINANCING ACTIVITY		
Repayment of term loan and ceba loan	<u>(4,666)</u>	<u>-</u>
INCREASE (DECREASE) IN CASH FLOW	(70,146)	19,220
Cash - beginning of year	<u>96,473</u>	<u>77,253</u>
CASH - END OF YEAR	<u>\$ 26,327</u>	<u>\$ 96,473</u>

See notes to financial statements

CABBAGETOWN COMMUNITY ARTS CENTRE

Notes to Financial Statements

Year Ended August 31, 2024

1. Purpose of the organization

Cabbagetown Community Arts Centre (the "organization") is a not-for-profit organization incorporated provincially under the Not-for-profit Corporations Act of Ontario on April 23, 1982 in the name of The Spruce St. Cabbagetown Community Band Inc. and changed the name to Cabbagetown Community Centre Inc. on May 16, 1986. As a registered charity the organization is exempt from the payment of income tax under Subsection 149(1) of the Income Tax Act.

The organization operates to provide instruction in music, drama, sculpture and painting to give children from low-income families an opportunity to learn and perform, work in groups and create art.

As at August 31, 2024, the organization had a net debt of \$41,017 and had a deficiency of \$72,286 for the years then ended. The organization has a negative working capital balance at August 31, 2024 of \$13,684. To address the above liquidity and going concern risk, management has implemented several plans including cost reduction plan and reaching out to new donors, and based on the projection, the organization will breakeven during the year ending August 31, 2026. There is no certainty that the organization will achieve the expected cost reduction and increase in revenue as per its plan.

2. Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFO) set out in Part III of the CPA Canada Handbook - Accounting.

3. Summary of significant accounting policies

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates. Significant items subject to such estimates are collectability of accounts receivable and accuracy of accrued liabilities.

Contributed materials and services

The organization receives materials and services from volunteers. Contributed materials are recognized in the statement of revenues and expenditures to the extent their fair values are determinable. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

Revenue recognition

The organization follows the deferral method of accounting for contributions. Restricted contributions 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.

Program and instruction fee is recognized as revenue when the services are provided.

Capital assets

Capital assets are recorded as expenses in the year they are acquired.

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CABBAGETOWN COMMUNITY ARTS CENTRE

Notes to Financial Statements

Year Ended August 31, 2024

3. Summary of significant accounting policies (*continued*)

Financial instruments

The Corporation initially measures its financial assets and financial liabilities originated or exchanged in arm's length transactions at fair value.

Financial assets and financial liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the Corporation is in the capacity of management, are initially measured at cost. The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms.

The Corporation subsequently measures all its financial assets and liabilities at cost or amortized cost.

Financial assets of the Corporation subsequently measured at amortized cost consist of cash, accounts receivable and Harmonized sales tax recoverable. The Financial liabilities measured at amortized cost are accounts payable and accrued liabilities, payroll deductions payable and CEBA loan.

4. Capital assets charged to the statement of operations

The organization did not expense any capital assets during the year's ended August 31, 2024 and 2023.

5. Term loan and CEBA loan

	2024	2023
COVID-19 Canada Emergency Business Account (CEBA), unsecured \$60,000 loan with no interest until January 18, 2024. If the loan is repaid by January 18, 2024, \$20,000 of the loan will be forgiven. The company has the option to convert any balance outstanding after January 18, 2024, into a term loan bearing interest at 5% per annum, due by December 31, 2026. During the year CEBA loan was repaid.	\$ -	\$ 40,000
During the year a term loan was obtained to repay the CEBA loan of \$40,000, the loan bears interest at CIBC's prime rate plus 1.5%, repayable over 60 equal monthly payment of \$666.66 commencing February 2024 and due by January 2029.	35,333	-
Amounts payable within one year	(8,000)	(40,000)
	<u>\$ 27,333</u>	<u>\$ -</u>

Principal repayment terms are approximately:

2025	\$ 8,000
2026	8,000
2027	8,000
2028	8,000
2029	3,333
	<u>\$ 35,333</u>

CABBAGETOWN COMMUNITY ARTS CENTRE

Notes to Financial Statements

Year Ended August 31, 2024

6. Deferred grant

	2024	2023
Balance, beginning of year	\$ 20,000	\$ 18,400
Plus: Amount received related to the following year	20,000	20,000
	40,000	38,400
Less: Amount recognized as revenue during the year	(20,000)	(18,400)
Balance, end of year	\$ 20,000	\$ 20,000

The grant received during the year related to the following year consist of grant from Toronto Arts Council grant that relates to the following fiscal year.

7. Donations - foundation

Donations from foundations consist of the following:

	2024	2023
Nicola Wealth Private Giving Foundation	\$ 10,000	\$ 10,000
Kiwani's Foundation	10,000	-
Jackman Foundation	5,000	5,000
Miscellaneous donor	4,000	-
Norman and Margaret Jewison Foundation	3,000	2,000
Paupal Giving Fund	1,976	-
Clark Cawthra Coneybeare Foundation	-	25
Canada Helps	-	2
Canadian Online Giving Foundation	-	100
Beutel Goodman Charitable Foundation	-	10,000
Toronto Arts Foundation	-	2,500
	\$ 33,976	\$ 29,627

8. Prior period adjustment

During the year ended August 31, 2023, the organization realized that during fiscal 2022, it incorrectly recognized as Donations - foundation revenue of \$18,400, received from Toronto Arts Council, that relates to fiscal 2023. As a result, the deferred grant balance at August 31, 2022 was increased by \$18,400 and Donations - foundation was reduced by \$18,400 for the year ended August 31, 2022 and the Net assets at August 31, 2022 was reduced by \$18,400.

9. Lease commitment

The organization continues to occupy the premises on a month to month basis.

CABBAGETOWN COMMUNITY ARTS CENTRE

Notes to Financial Statements

Year Ended August 31, 2024

10. Financial instruments

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of August 31, 2024.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to credit risk on cash and accounts receivable. The organization's credit risk is considered low as cash is held at a Canadian Schedule 1 banks.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its receipt of funds from its customers, term loan payable, employee withholding taxes payable, and accounts payable and accrued liabilities.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The organization is not exposed to any market risk at August 31, 2024.

11. Management of capital

The Corporation's objectives when managing capital are to ensure that sufficient capital is retained to ensure the entity remains solvent so that it can fulfill its stated objectives.

Oversight by the Board of Directors and active engagement in diverse fundraising and grant activities contribute to the Corporation's effective capital management.

12. Economic dependence

The organization is dependent on government grants and fund raising activities including donations for continued operations.