

**THINKING ROCK COMMUNITY PROJECTS INC.  
FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2019**

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## **INDEPENDENT AUDITORS' REPORT**

January 20, 2020

The Executive and Members of Thinking Rock Community Projects Inc.

### **Opinion**

I have audited the accompanying financial statements of Thinking Rock Community Projects Inc., which comprise the statement of financial position as at September 30, 2019, the statement of operations and changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies. In my opinion, the financial statements present fairly, in all material respects, the financial position of Thinking Rock Community Projects Inc. as at September 30, 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.

### **Management's Responsibility 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.

### **Basis for Opinion**

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 Financial Statements* section of my report. I am independent of the Entity in accordance with the 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 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 Entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 Entity'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 Entity'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 Entity to cease to continue as a going concern.

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.



Chartered Professional Accountant, Chartered Accountant  
Professional Corporation  
*Authorized to practice public accounting by The Chartered Professional Accountants of Ontario*  
Sault Ste. Marie, Canada

**THINKING ROCK COMMUNITY PROJECTS INC.  
STATEMENT OF FINANCIAL POSITION**

**AS AT SEPTEMBER 30,** **2019**      **2018**

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**ASSETS**

**CURRENT ASSETS**

Unrestricted			
Cash	\$	7,680	\$ 4,691
Government sales tax receivable		540	374
Accounts receivable		1,208	2,669
		9,428	7,734
Restricted			
Cash		219,068	47,561
		\$ 228,495	\$ 55,295

**LIABILITIES AND NET ASSETS**

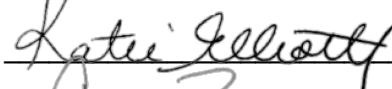

**CURRENT LIABILITIES**

Accounts payable and accrued liabilities	\$	210	\$ 394
Government remittances payable		1,006	1,077
Deferred funding		219,068	47,561
		220,284	49,032

**NET ASSETS**

Unrestricted net assets		8,210	6,263
		\$ 228,495	\$ 55,295

APPROVED ON BEHALF OF THE BOARD:

 Director  
 Director

**THINKING ROCK COMMUNITY PROJECTS INC.  
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS**

<b>YEAR ENDED SEPTEMBER 30,</b>	<b>2019</b>	<b>2018</b>
<b>REVENUES</b>		
Partner funding	\$ 16,425	\$ 9,552
Private funding	95,677	-
Federal funding (note 7)	9,566	27,292
Provincial funding (note 7)	57,606	40,865
Earned revenues	10,842	1,408
Donations	4,035	395
In-kind contributions (note 6)	32,262	16,500
	<b>226,413</b>	<b>96,012</b>
<b>EXPENSES</b>		
Administrative salaries and fees (note 6)	20,484	39,879
Artistic salaries and benefits	49,787	18,915
Production salaries and fees (note 6)	49,733	1,110
Artists' fees (note 6)	36,537	14,740
Production/project expenses	20,641	2,887
Documentation and publication expenses (note 6)	-	3,609
Professional development	655	104
Marketing and promotion (note 6)	6,608	377
Travel (note 6)	23,351	2,899
Office and general expenses	5,547	11,738
Professional fees (note 6)	6,134	6,028
Rent	4,989	4,573
	<b>224,466</b>	<b>106,859</b>
<b>EXCESS REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,947</b>	<b>(10,847)</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>6,263</b>	<b>17,110</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 8,210</b>	<b>\$ 6,263</b>

The accompanying notes are an integral part of these financial statements

**THINKING ROCK COMMUNITY PROJECTS INC.  
STATEMENT OF CASH FLOWS**

<b>YEAR ENDED SEPTEMBER 30,</b>	<b>2019</b>	<b>2018</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net income	\$ 1,947	\$ (10,847)
Changes in non-cash operating working capital:		
Accounts receivable	1,461	16,518
Government sales tax receivable	(166)	3,635
Government remittances payable	(71)	(808)
Accounts payable and accrued liabilities	(184)	(33,824)
Deferred funding	171,507	37,135
	174,494	11,809
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Bank loan repayments made in the year	-	(9,000)
<b>INCREASE IN CASH POSITION</b>	174,494	2,809
<b>CASH, BEGINNING OF YEAR</b>	52,252	49,443
<b>CASH, END OF YEAR</b>	\$ 226,748	\$ 52,252
Comprised of:		
Unrestricted cash	\$ 7,680	\$ 4,691
Restricted cash	219,068	47,561
	\$ 226,748	\$ 52,252

The accompanying notes are an integral part of these financial statements

**THINKING ROCK COMMUNITY PROJECTS INC.  
NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED SEPTEMBER 30, 2019**

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Thinking Rock Community Projects Inc. is incorporated under the laws of Ontario as a non-profit corporation without share capital. As such, it is exempt from income taxes under section 149 (1) of the Income Tax Act. The financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASFNPO).

The mandate of Thinking Rock Community Projects Inc. is to provide services and administer projects to support the arts.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- a) Revenue recognition: Thinking Rock Community Projects Inc. follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collections is reasonably assured. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Services and consulting fees are recognized when the service has been performed.
- b) Contributed goods and services: The organization has elected to recognize contributed goods and services at fair market value. The contributed goods and services would need to be purchased because they are within the normal course of operations therefore fair market value is being determined on this basis and contributed services are recognized in the financial statements.
- c) Capital assets: Assets purchased are expensed in the year they are acquired. During the year there were no purchases of capital assets.
- d) Financial instruments: The organization's financial instruments comprise of cash, accounts receivable and accounts payables. Financial assets or liabilities obtained in arm's length transactions are initially measured at their fair value and financial assets or liabilities obtained in related party transactions are measured at their exchange amount. The organization subsequently measures all of its financial assets and liabilities at amortized cost.

**2. FINANCIAL INSTRUMENTS**

The organization's financial instruments consist of cash, accounts receivable, and accounts payable and accrued liabilities. Unless otherwise noted, it is managements opinion that the organization is not exposed to significant interest, currency or credit risk arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

**3. ECONOMIC DEPENDENCE**

The organization was primarily funded by provincial and federal grants which provides a significant portion of revenue used for operations. In 2019, 29% (2018-71%) of total revenues were from government funding.

**4. CAPITAL MANAGEMENT**

The organization considers its capital to be its unrestricted net assets which consist of amounts for future operations. The organization's objectives when managing its capital assets are to safeguard its ability to continue as a going concern so it can continue to fulfil it's mandate. An annual budget is developed and monitored to ensure the organization's capital is maintained to meet these objectives.

**THINKING ROCK COMMUNITY PROJECTS INC.  
NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED SEPTEMBER 30, 2019**

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**5. COMMITMENTS**

The organization leased a premises for a term of 9 month term commencing August 1, 2019. Monthly rent is required in the amount of \$400, plus HST. The organization is also responsible for its proportionate share of additional rent including insurance, taxes, maintenance and operating costs of the premises.

**6. CONTRIBUTED GOODS AND SERVICES**

During the year, Thinking Rock Community Projects Inc. received the following goods and services which if not donated would have been purchased. Food for events amounting to \$375 (2018 - \$300) event services staff member amounting to \$1,000 (2018 - \$6,800), production goods and services amounting to \$26,637 (2018 - \$150) and travel and accommodation amounting to \$4,250 (2018 - \$9,250). These services are recorded as revenues and expenses in the Statement of Operations.

**7. GOVERNMENT FUNDING**

	<b>2019</b>	<b>2018</b>
<b>FEDERAL FUNDING:</b>		
Canada Council for The Arts	\$ 6,206	\$ 20,000
Canada Summer Jobs	3,360	7,292
	<b>\$ 9,566</b>	<b>\$ 27,292</b>
<b>PROVINCIAL FUNDING:</b>		
Ontario Arts Council - Arts Organizations in Communities and Schools-Operating	\$ 42,500	\$ -
Ontario Arts Council - Artists in Communities and School Projects	-	28,500
Ontario Arts Council - Northern Art Projects	-	10,000
Ontario Arts Council - A Northern Community Artist Retreat	5,500	-
Ontario Arts Council - Compass	5,061	439
Ontario Ministry of Culture	-	1,926
Ontario Trillium Foundation	4,545	-
	<b>\$ 57,606</b>	<b>\$ 40,865</b>



**THINKING ROCK COMMUNITY PROJECTS INC.  
NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED SEPTEMBER 30, 2019**

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**8. FINANCIAL RISKS**

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The organization deals with creditworthy counterparties to mitigate the risk of financial loss from defaults. The organization performs continuous evaluation of its accounts receivable and records an allowance for impairment. No individual account is significant to the organization.

(b) Liquidity risk:

Liquidity risk is the risk that the organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The organization manages its liquidity risk by monitoring its operating requirements. The organization prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from 2018.

Concentration of risk:

(a) Industry:

The organization operates as an art association and is affected by general economic trends. The organization relies primarily on funding. It's ability to continue as a going concern depends on it's ongoing ability to obtain funding through private and government sources.

**9. COMPARATIVE FIGURES**

Certain comparative figures were restated to comply with the presentation adopted for the current year.