

**THINKING ROCK COMMUNITY PROJECTS INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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INDEPENDENT AUDITORS' REPORT

March 21, 2018

The Executive and Members of Thinking Rock Community Projects Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Thinking Rock Community Projects Inc., which comprise the statement of financial position as at September 30, 2017, the statement of operations and changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies.

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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on my audit. We conducted the audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Thinking Rock Community Projects Inc. as at September 30, 2017 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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**

SEPTEMBER 30, 2017, with corresponding figures for 2016

	2017	2016
ASSETS		
Current Assets		
Unrestricted		
Cash	\$ 39,017	\$ 15,118
Government sales tax receivable	4,009	-
Accounts receivable	19,187	1,128
	<u>62,213</u>	<u>16,246</u>
Restricted		
Cash	10,426	19,324
	<u>\$ 72,639</u>	<u>\$ 35,570</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable and accrued liabilities	\$ 34,218	\$ -
Government remittances payable	1,885	1,303
Deferred funding	10,426	19,324
Notes payable (note 5)	-	369
Jumbles loan (note 6)	9,000	-
	<u>55,529</u>	<u>20,996</u>
Net Assets		
Unrestricted net assets	17,110	14,574
	<u>\$ 72,639</u>	<u>\$ 35,570</u>

APPROVED ON BEHALF OF THE BOARD:

Katie Elliott Director
Crystal Bossio Director

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

YEAR ENDED SEPTEMBER 30, 2017, with corresponding figures for 2016

	2017	2016
Revenue		
Partner funding	\$ 16,744	\$ 4,667
Private funding	21,000	900
Provincial funding	214,898	58,985
Federal funding	11,000	11,000
Earned revenues	7,083	2,381
Donations	4,650	300
In-kind contributions (note 8)	53,461	-
	328,836	78,233
Expenses		
Administrative salaries and fees (note 8)	40,754	23,518
Artistic salaries and benefits	46,130	24,906
Production salaries and fees (note 8)	76,380	350
Artists' fees (note 8)	68,157	6,050
Production/project expenses	4,625	4,247
Documentation and publication expenses (note 8)	8,669	-
Professional development	527	130
Marketing and promotion	2,394	142
Travel (note 8)	59,742	3,637
Office and general expenses	7,647	4,441
Professional fees (note 8)	5,870	3,207
Rent	5,405	3,326
	326,300	70,317
Excess of revenues over expenditures	2,536	7,916
Net Assets, beginning of year	14,574	6,658
Net Assets, end of year	\$ 17,110	\$ 14,574

The accompanying notes are an integral part of these financial statements

THINKING ROCK COMMUNITY PROJECTS INC.
STATEMENT OF CASH FLOWS

YEAR ENDED SEPTEMBER 30, 2017, with corresponding figures for 2016

	2017	2016
Cash flows from operating activities		
Net income	\$ 2,536	\$ 7,916
Changes in non-cash operating working capital:		
Accounts receivable	(18,059)	2,300
Government sales tax receivable	(4,009)	(1,128)
Government remittances payable	582	936
Accounts payable and accrued liabilities	34,218	(254)
Deferred funding	(8,898)	19,324
	<u>6,370</u>	<u>29,094</u>
Cash flows from financing activities		
Proceeds received from loan	9,000	-
Cash flows from investing activities		
Repayment of notes payable	(369)	-
Increase (decrease) in cash position	<u>15,001</u>	<u>29,094</u>
Cash, beginning of year	34,442	5,348
Cash, end of year	<u>\$ 49,443</u>	<u>\$ 34,442</u>
Comprised of:		
Unrestricted cash	\$ 39,017	\$ 15,118
Restricted cash	10,426	19,324
	<u>\$ 49,443</u>	<u>\$ 34,442</u>

The accompanying notes are an integral part of these financial statements

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

FOR THE YEAR ENDED SEPTEMBER 30, 2017

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 management's 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 is primarily funded by provincial and federal grants which provides a significant portion of revenue used for operations.

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 its 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**

FOR THE YEAR ENDED SEPTEMBER 30, 2017

5. NOTES PAYABLE

Note payable paid in full in 2017 was unsecured, with no interest or set repayment terms.

6. JUMBLIES LOAN PAYABLE

The loan has no interest or terms associated with it and must be used within the charitable mandates of the organization. The total balance of the loan is repayable in full by December 31, 2017.

7. COMMITMENTS

The organization leased new premises for a term of 1 year commencing May 1, 2017. Monthly rent is required in the amount of \$400.00, plus HST. The organization is also responsible for its proportionate share of additional rent including insurance, taxes maintenance and operating costs of the premises.

8. 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. Professional services amounting to \$1,489, Artists' services amounting to \$7,000, documentation and publication services amounting to \$1,140, production goods and services amounting to \$31,860, Travel and accommodation amount to \$10,973, and administrative services amounting to \$1,000. These services are recorded as revenues and expenses in the Statement of Operations.

9. 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 2016.

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.

10. CORRESPONDING FIGURES

Certain corresponding figures were restated to comply with the presentation adopted for the current year. The corresponding figures were not audited however the figures were reviewed in the previous fiscal year.