

**THINKING ROCK COMMUNITY PROJECTS INC.  
FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2021**

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## INDEPENDENT AUDITOR'S REPORT

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, 2021, the statement of operations, 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, 2021 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### 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.

### Emphasis of Matter - Amended Financial Statements

We draw attention to Note 12 to the financial statements, which describes that the financial statements that we originally reported on March 24, 2022 have been amended and describes the matter that gave rise to the amendment of the financial statements. Our opinion is not modified in respect of this matter.

### 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.
- 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.



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

March 24, 2022, except as to Note 12, which is as of June 23, 2022.

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

**AS AT SEPTEMBER 30,** **2021** **2020**

**ASSETS**

**CURRENT ASSETS**

Unrestricted

Cash	\$ 57,972	\$ 19,411
Government sales tax receivable	1,576	113
Accounts receivable	5,010	12,217
	64,558	31,741

Restricted

Cash	135,486	206,439
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	\$ 200,044	\$ 238,180
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**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable and accrued liabilities	\$ 6,299	\$ 2,372
Government remittances payable	6,815	2,538
Deferred contributions (note 4)	135,486	206,439
	148,600	211,349

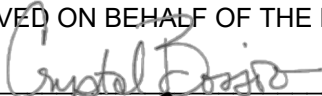
**NET ASSETS**


Unrestricted net assets	-	26,831
Operating reserve (note 5)	51,444	-
	51,444	26,831

	\$ 200,044	\$ 238,180
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Commitments (note 7)

APPROVED ON BEHALF OF THE BOARD:

  
 \_\_\_\_\_ Director

  
 \_\_\_\_\_ Director

**THINKING ROCK COMMUNITY PROJECTS INC.**  
**STATEMENT OF OPERATIONS**

<b>YEAR ENDED SEPTEMBER 30,</b>	<b>2021</b>	<b>2020</b>
<b>REVENUES</b>		
Partner funding	\$ 13,240	\$ 7,675
Private funding	-	35,373
Federal funding (note 9)	168,739	53,894
Provincial funding (note 9)	75,535	96,245
Municipal funding (note 9)	8,133	-
Earned revenues	1,982	6,886
Donations	210	2,044
In-kind contributions (note 8)	3,650	16,805
	<b>271,489</b>	<b>218,922</b>
<b>EXPENDITURES</b>		
Administrative salaries and fees	54,578	30,517
Artistic salaries and benefits	91,343	50,100
Production salaries and fees (note 8)	45,796	69,152
Artists' fees (note 8)	7,742	13,937
Production/project expenses (note 8)	9,216	7,220
Documentation and publication expenses	-	1,247
Professional development	862	402
Marketing and promotion (note 8)	3,880	3,865
Travel (note 8)	1,377	6,189
Office and general expenses (note 8)	16,670	6,101
Professional fees	8,344	5,982
Rent	7,068	5,589
	<b>246,876</b>	<b>200,301</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>\$ 24,613</b>	<b>\$ 18,621</b>

The accompanying notes are an integral part of these financial statements

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

**YEAR ENDED SEPTEMBER 30, 2021**

	Unrestricted	Operating Reserve	2021
<b>NET ASSETS, BEGINNING OF YEAR</b>	\$ 26,831	\$ -	\$ 26,831
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	24,613	-	24,613
<b>RESERVE TRANSFERS</b>	(51,444)	51,444	-
<b>NET ASSETS, END OF YEAR</b>	\$ -	\$ 51,444	\$ 51,444

**YEAR ENDED SEPTEMBER 30, 2020**

	Unrestricted	Operating Reserve	2020
<b>NET ASSETS, BEGINNING OF YEAR</b>	\$ 8,210	\$ -	\$ 8,210
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	18,621	-	18,621
<b>RESERVE TRANSFERS</b>	-	-	-
<b>NET ASSETS, END OF YEAR</b>	\$ 26,831	\$ -	\$ 26,831

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>2021</b>	<b>2020</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Excess of revenues over expenditures	\$ 24,613	\$ 18,621
Changes in non-cash operating working capital:		
Accounts receivable	7,207	(11,009)
Government sales tax receivable	(1,463)	427
Government remittances payable	4,277	1,532
Accounts payable and accrued liabilities	3,927	2,160
Deferred contributions	(70,953)	(12,629)
<b>DECREASE IN CASH POSITION</b>	<b>(32,392)</b>	<b>(898)</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>225,850</b>	<b>226,748</b>
<b>CASH, END OF YEAR</b>	<b>\$ 193,458</b>	<b>\$ 225,850</b>
Comprised of:		
Unrestricted cash	\$ 57,972	\$ 19,411
Restricted cash	135,486	206,439
	<b>\$ 193,458</b>	<b>\$ 225,850</b>

The accompanying notes are an integral part of these financial statements

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

**YEAR ENDED SEPTEMBER 30, 2021**

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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 (ASNPO).

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 \$4,299 (2020 - Nil) of capital asset purchases were expensed.
- 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 was primarily funded by municipal, provincial and federal grants which provides a significant portion of revenue used for operations. In 2021, 93% (2020 - 68%) of total revenues were from government funding.



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

**YEAR ENDED SEPTEMBER 30, 2021**

**4. DEFERRED CONTRIBUTIONS**

Deferred contributions represent restricted contributions from funders for specific programs and projects with which the organization has not incurred any expenditures. The deferred contributions balance as at September 30 is as follows:

	<b>2021</b>	<b>2020</b>
Canada Council for The Arts - Operating	\$ -	\$ 17,500
Canada Council for The Arts - Sector Innovation and Development	8,069	53,794
Canada Council for The Arts - COVID-19 Emergency Support Fund	-	27,500
New Horizons for Seniors Program	25,000	39,142
Canadian Red Cross Society - COVID-19 Emergency Response for Non-Profits	-	10,357
Young Canada Works	7,613	-
Ontario Arts Council - Arts Organizations in Communities and Schools - Operating	41,446	41,446
Ontario Arts Council - Arts Response Initiative	14,000	-
Ontario Arts Council - Craft Projects	12,000	12,000
Ontario Trillium Foundation	24,831	-
City of Sault Ste. Marie Cultural Financial Assistance	2,527	4,700
	<b>\$ 135,486</b>	<b>\$ 206,439</b>

**5. OPERATING RESERVE**

The organization has established an internally restricted operating reserve which has been set aside for working capital purposes. The reserve has increased during the year by \$51,444 (2020 - Nil) which will contribute to future working capital requirements.

**6. CAPITAL MANAGEMENT**

The organization considers its capital to be its net assets and internally restricted reserve which consist of amounts for future operations. The organization's objectives when managing its capital 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.

**7. COMMITMENTS**

The organization leased a premises for a 12 month term commencing August 1, 2021. Monthly rent is required in the amount of \$1,200, 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. Food for events amounting to Nil (2020 - \$1,328), event services staff member amounting to Nil (2020 - \$1,000), production goods and services amounting to \$3,650 (2020 - \$11,991), and travel and accommodation amounting to Nil (2020 - \$2,486). These services are recorded as revenues and expenditures in the Statement of Operations.

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

**YEAR ENDED SEPTEMBER 30, 2021**

**9. GOVERNMENT FUNDING**

	<b>2021</b>	<b>2020</b>
<b>FEDERAL FUNDING</b>		
Canada Council for The Arts - Operating	\$ 50,000	\$ 40,000
Canada Council for The Arts - Sector Innovation and Development	45,725	-
Canada Council for The Arts - COVID-19 Emergency Support Fund	27,500	-
Canada Summer Jobs	8,120	3,807
New Horizons for Seniors Program	14,142	358
Canadian Red Cross Society - COVID-19 Emergency Response for Non-Profits	12,365	7,713
Canada Emergency Wage Subsidy	-	2,016
Government of Canada Opportunities Fund for Persons with Disabilities	7,225	-
Young Canada Works	3,662	-
	<b>\$ 168,739</b>	<b>\$ 53,894</b>
<b>PROVINCIAL FUNDING</b>		
Ontario Arts Council - Arts Organizations in Communities and Schools - Operating	\$ 41,446	\$ 41,446
Ontario Arts Council - Multi and Inter-Arts Projects	-	8,000
Ontario Trillium Foundation	32,969	45,455
Ontario Ministry of Advanced Education and Skills Development Employment Service Training Incentive	1,120	1,344
	<b>\$ 75,535</b>	<b>\$ 96,245</b>
<b>MUNICIPAL FUNDING</b>		
City of Sault Ste. Marie Cultural Financial Assistance	\$ 6,133	\$ -
City of Sault Ste. Marie Special Projects	2,000	-
	<b>\$ 8,133</b>	<b>\$ -</b>

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

**YEAR ENDED SEPTEMBER 30, 2021**

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**10. 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 2020.

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. Its ability to continue as a going concern depends on its ongoing ability to obtain funding through private and government sources.

**11. COMPARATIVE FIGURES**

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

**12. AMENDMENT**

Subsequent to the release of the September 30, 2021 audit report dated March 24, 2022 it was determined that funding from Canada Council for the Arts was incorrectly recorded as deferred contributions. As a result, deferred contributions were overstated, revenue was understated, and net assets were understated. The financial statement amounts that were presented have been restated to correct this as follows:

- Decrease in 2021 deferred contributions \$9,068
- Increase in 2021 federal funding \$9,068
- Increase in 2021 excess of revenue over expenditures \$9,068
- Increase in 2021 net assets - operating reserve \$9,068