

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

YEAR ENDED SEPTEMBER 30, 2023

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INDEPENDENT AUDITOR'S REPORT

March 24, 2024

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, 2023, the statement 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.

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, 2023 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.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance.

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

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

AS AT SEPTEMBER 30,

2023

2022

ASSETS

CURRENT ASSETS

Unrestricted

Cash	\$ 28,286	\$ 49,122
Government sales tax receivable	742	789
Accounts receivable	5,140	5,000
	<u>34,168</u>	<u>54,911</u>

Restricted

Cash	56,078	70,493
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\$ 90,246 \$ 125,404

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued liabilities	\$ 360	\$ 1,067
Government remittances payable	1,658	4,999
Deferred contributions (note 4)	56,078	70,493
	<u>58,096</u>	<u>76,559</u>


NET ASSETS

Unrestricted net assets	-	-
Operating reserve (note 5)	32,150	48,845
	<u>32,150</u>	<u>48,845</u>

\$ 90,246 \$ 125,404

Commitments (note 7)

APPROVED ON BEHALF OF THE BOARD:

 Director

 Director

The accompanying notes are an integral part of these financial statements

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

YEAR ENDED SEPTEMBER 30,	2023	2022
REVENUES		
Partner funding	\$ 1,000	\$ 15,450
Private funding	-	22,500
Federal funding (note 9)	83,648	109,859
Provincial funding (note 9)	96,982	107,013
Municipal funding (note 9)	2,411	8,702
Earned revenues	1,646	5,861
Donations	2,132	1,300
In-kind contributions (note 8)	4,630	13,030
	192,449	283,715
EXPENDITURES		
Administrative salaries and fees	23,864	56,738
Artistic salaries and benefits	70,249	68,797
Production salaries and fees (note 8)	55,633	73,298
Artists' fees	5,275	18,795
Production/project expenses (note 8)	13,009	20,317
Professional development	239	466
Marketing and promotion	1,743	6,770
Travel	1,245	4,801
Office and general expenses (note 8)	10,343	13,073
Professional fees	10,706	8,292
Rent	16,838	14,967
	209,144	286,314
DEFICIENCY OF REVENUES OVER EXPENDITURES	\$ (16,695)	\$ (2,599)

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, 2023

	Unrestricted	Operating Reserve	2023
NET ASSETS, BEGINNING OF YEAR	\$ -	\$ 48,845	\$ 48,845
DEFICIENCY OF REVENUES OVER EXPENDITURES	(16,695)	-	(16,695)
RESERVE TRANSFERS	16,695	(16,695)	-
NET ASSETS, END OF YEAR	\$ -	\$ 32,150	\$ 32,150

YEAR ENDED SEPTEMBER 30, 2022

	Unrestricted	Operating Reserve	2022
NET ASSETS, BEGINNING OF YEAR	\$ -	\$ 51,444	\$ 51,444
DEFICIENCY OF REVENUES OVER EXPENDITURES	(2,599)	-	(2,599)
RESERVE TRANSFERS	2,599	(2,599)	-
NET ASSETS, END OF YEAR	\$ -	\$ 48,845	\$ 48,845

The accompanying notes are an integral part of these financial statements

THINKING ROCK COMMUNITY PROJECTS INC.
STATEMENT OF CASH FLOWS

YEAR ENDED SEPTEMBER 30,	2023	2022
CASH FLOW FROM OPERATING ACTIVITIES		
Deficiency of revenues over expenditures	\$ (16,695)	\$ (2,599)
Changes in non-cash operating working capital:		
Accounts receivable	(140)	10
Government sales tax receivable	47	787
Government remittances payable	(3,341)	(1,816)
Accounts payable and accrued liabilities	(707)	(5,232)
Deferred contributions	(14,415)	(64,993)
DECREASE IN CASH POSITION	(35,251)	(73,843)
CASH, BEGINNING OF YEAR	119,615	193,458
CASH, END OF YEAR	\$ 84,364	\$ 119,615
Comprised of:		
Unrestricted cash	\$ 28,286	\$ 49,122
Restricted cash	56,078	70,493
	\$ 84,364	\$ 119,615

The accompanying notes are an integral part of these financial statements

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

YEAR ENDED SEPTEMBER 30, 2023

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 \$2,169 (2022 - \$1,231) 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 2023, 95% (2022 - 80%) of total revenues were from government funding.

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

YEAR ENDED SEPTEMBER 30, 2023

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:

	2023	2022
New Horizons for Seniors Program	-	25,000
Ontario Arts Council - Arts Organizations in Communities and Schools - Operating	41,446	35,229
Ontario Arts Council - Arts Response Initiative	-	10,264
Ontario Arts Council - Strategic Collaborations Fund	6,486	-
City of Sault Ste. Marie - Cultural Financial Assistance	5,646	-
Algoma Community Foundation - GSC Community Impact Fund	2,500	-
	\$ 56,078	\$ 70,493

5. OPERATING RESERVE

The organization has established an internally restricted operating reserve which has been set aside for working capital purposes. The reserve has decreased during the year by \$16,695 (2022 - decreased by \$2,599) 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 October 1, 2022. Monthly rent is required in the amount of \$1,350, 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. Event services staff members amounting to \$650 (2022 - \$7,000), production goods and services amounting to \$3,980 (2022 - \$3,780), and travel and accommodation amounting to Nil (2022 - \$2,250). 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, 2023

9. GOVERNMENT FUNDING

	2023	2022
FEDERAL FUNDING		
Canada Council for The Arts - Operating	\$ 50,000	\$ 50,000
Canada Council for The Arts - The Reopening Fund	-	10,000
Canada Council for The Arts - Sector Innovation and Development	-	8,069
Canada Summer Jobs	8,648	-
Department of Canadian Heritage - Canada Cultural Spaces Fund	-	5,427
New Horizons for Seniors Program	25,000	25,000
Young Canada Works	-	11,363
	\$ 83,648	\$ 109,859
PROVINCIAL FUNDING		
Ontario Arts Council - Arts Organizations in Communities and Schools - Operating	\$ 46,446	\$ 41,446
Ontario Arts Council - Arts Response Initiative	10,264	3,736
Ontario Arts Council - Craft Projects	-	12,000
Ontario Arts Council - Strategic Collaborations Fund	13,514	-
Ontario Trillium Foundation	-	49,831
Mamaweswen/North Shore Tribal Council	26,758	-
	\$ 96,982	\$ 107,013
MUNICIPAL FUNDING		
City of Sault Ste. Marie - Cultural Financial Assistance	\$ 2,411	\$ 8,702
	\$ 2,411	\$ 8,702

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

YEAR ENDED SEPTEMBER 30, 2023

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 2022.

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.