



Financial Statements

Canadian Arts Presenting Association

March 31, 2022

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# Independent auditor's report

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To the Board of Directors of  
Canadian Arts Presenting Association

## Opinion

We have audited the financial statements of Canadian Arts Presenting Association (“the Association”), which comprise the statement of financial position as at March 31, 2022, and the statements 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 our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Canadian Arts Presenting Association as at March 31, 2022, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit associations.

## Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 associations, 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

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

## Auditor's Responsibilities for the Audit of the Financial Statements

Our 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 our 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 based on these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We 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 our 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 Association'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 Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association 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.

We 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 we identify during our audit.

Charlottetown, Prince Edward Island

December 7, 2022

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Chartered Professional Accountants

# Canadian Arts Presenting Association

## Statement of operations

Year Ended March 31	2022	2021
<b>Revenue</b>		
Operations		
Canadian Heritage	\$ 200,000	\$ 257,502
Government assistance (Note 8)	123,387	185,799
Membership revenue	39,777	67,633
Ontario Arts Council	24,876	24,876
Wage grants	-	20,769
Other income	-	50
<b>Total Operational Revenue</b>	<b>388,040</b>	556,629
<b>Project Revenue</b>		
Linked Digital Future Initiative	705,582	680,733
Presenters Capacity Building Program	70,096	154,855
Cultural mission revenue	81,963	76,710
Other programs	30,445	200
Conference income	99,551	-
<b>Total Revenue</b>	<b>1,375,677</b>	1,469,127
<b>Expenditures</b>		
Linked Digital Future Initiative	698,987	685,411
Administrative salaries and expenses	290,358	318,529
Presenters Capacity Building Program	54,071	144,855
Cultural missions	95,577	99,468
Other programs and services	12,885	26,700
Conference expenses	128,293	1,005
	<b>1,280,171</b>	1,275,968
Excess revenue over expenditures	\$ <b>95,506</b>	\$ 193,159

See accompanying notes to the non-consolidated financial statements.

## Canadian Arts Presenting Association Statement of changes in net assets

Year ended March 31	Internally Restricted	Unrestricted	Invested in Capital assets	2022	2021
Net assets, beginning of year	100,000	149,499	2,055	\$ 251,554	\$ 58,395
Excess revenue	-	95,506	-	95,506	193,159
Transfer (to) from capital assets	-	990	(990)	-	-
Net assets, end of year	100,000	245,995	1,065	\$ 347,060	\$ 251,554

See accompanying notes to the non-consolidated financial statements.

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## Canadian Arts Presenting Association Statement of financial position

March 31	2022	2021
<b>Assets</b>		
Current		
Cash and cash equivalents	\$ 295,192	\$ 62,938
Receivables (Note 4)	217,346	271,622
HST receivable	37,803	28,256
	<u>550,341</u>	<u>362,816</u>
Tangible capital assets (Note 5)	<u>1,065</u>	<u>1,477</u>
	<u>\$ 551,406</u>	<u>\$ 364,293</u>
<b>Liabilities</b>		
Current		
Payables and accruals	\$ 36,541	\$ 65,041
Employee deductions payable	10,235	7,698
Deferred revenue (Note 6)	117,570	-
	<u>164,346</u>	<u>72,739</u>
Long-term debt (Note 7)	<u>40,000</u>	<u>40,000</u>
	<u>204,346</u>	<u>112,739</u>
<b>Net Assets</b>		
Invested in capital assets	1,065	2,055
Unrestricted net assets	245,995	149,499
Internally restricted net assets	100,000	100,000
	<u>347,060</u>	<u>251,554</u>
	<u>\$ 551,406</u>	<u>\$ 364,293</u>

On behalf of the Board



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# Canadian Arts Presenting Association

## Statement of cash flows

Year Ended March 31

2022

2021

Increase (decrease) in cash and cash equivalents

<b>Operating</b>		
Excess revenue over expenses	\$ 95,506	\$ 193,159
Depreciation	412	578
	<u>95,918</u>	<u>193,737</u>
Net changes in working capital balances		
Receivables	54,276	(168,102)
Prepays	-	480
Payables and accruals	(28,500)	(10,209)
HST receivable	(9,547)	6,098
Employee deductions payable	2,537	(995)
Deferred revenue	117,570	(20,769)
	<u>232,254</u>	<u>240</u>
<b>Financing</b>		
Issuance of long-term debt	-	40,000
	<u>232,254</u>	<u>40,240</u>
<b>Investing</b>		
Purchase of fixed assets	-	-
Net increase (decrease) in cash and cash equivalents	232,254	40,240
Cash and cash equivalents, beginning of year	62,938	22,698
Cash and cash equivalents, end of year	\$ <u>295,192</u>	\$ <u>62,938</u>

See accompanying notes to the non-consolidated financial statements.



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# Canadian Arts Presenting Association

## Notes to the financial statements

March 31, 2022

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### 1. Nature of operations

Canadian Arts Presenting Association (the Association) is incorporated under the Canada Not-for-profit Corporations Act for the purpose of heightening the profile and awareness of the field of presenting performing arts in Canada in addition to providing support to its' members. The Association is a registered charity and is not subject to income taxes.

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### 2. Summary of significant accounting policies

#### **Basis of presentation**

The Association's financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) and are applied on a consistent basis with that of the preceding year.

#### **Revenue recognition**

The Association follows the deferral method of accounting for contributions. Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenditures are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Conference revenue is recognized in the period in which the conferences are held and expenditures are incurred.

Other program revenues and grants are recognized when the amounts to be received can be reasonably estimated and collection is reasonably assured.

#### **Fund accounting**

The Association follows the deferral method of accounting for contributions. The Unrestricted Fund accounts for the Association's operations and administrative activities. This fund reports unrestricted resources.

The internally restricted fund accounts for assets restricted by the Board of Directors for future use.

#### **Deferred revenue**

Deferred revenue represents unspent proceeds received from various government contracts. The funds are recognized as revenue in the period in which the related expenditures are incurred.

#### **Contributions in kind**

Contributions in kind, of goods and services, are recognized only when a fair value can be reasonably estimated and when the goods and services are used in the normal course of the Association's operations.

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# Canadian Arts Presenting Association

## Notes to the financial statements

March 31, 2022

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### 2. Summary of significant accounting policies (continued)

#### Government assistance

The Association recognizes government assistance toward current expenses in the statement of operations. When government assistance received is specified to relate to future expenses, the Association defers the assistance and recognizes it in the statement of operations as the related expenses are incurred. When government assistance relates to the acquisition of property, plant and equipment, the Association deducts the assistance from the cost of the related property, plant and equipment.

#### Wage Subsidy

The Association applied for and received funding from the Federal government under the Canada Emergency Wage Subsidy Program ("CEWS"). Under the CEWS program, the Association is entitled to receive a wage subsidy based on revenue declines, up to a set amount per employee. During the year ended March 31, 2022, the Association recognized payroll subsidies under the CEWS program totalling \$123,387 (2021- \$165,799). These subsidies were recognized as government assistance.

#### Tangible capital assets

Tangible capital asset additions are recorded at their acquisition cost. Amortization is calculated using the declining balance method over the estimated useful lives at the following annual rates.

	Rate %
Equipment	20
Computer Equipment	30

When the Association recognizes that a tangible capital asset no longer has any long-term service potential, the excess of net carrying amount of the tangible capital asset over its residual value is recognized as an expense in the statement of operations.

#### Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks net of bank indebtedness and portfolio investments. Bank borrowings are considered to be financing activities.

#### Use of estimates

In preparing the Association's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from estimates used in these financial statements.

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# Canadian Arts Presenting Association

## Notes to the financial statements

March 31, 2022

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### 2. Summary of significant accounting policies (continued)

#### Financial assets and liabilities

The Association considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The Association accounts for the following as financial instruments:

- Cash and cash equivalents
- Receivables
- Payables and accruals
- Long-term debt

A financial asset or liability is recognized when the Association becomes party to contractual provisions of the instrument.

Upon initial measurement, the Association's financial assets and liabilities are measured at fair value, the Association measures its financial assets and liabilities at amortized cost, less any reduction for impairment.

Financial assets and financial liabilities are subsequently measured according to the following methods:

<u>Financial instrument</u>	<u>Subsequent measurement</u>
Cash and cash equivalents	Amortized cost
Receivables	Amortized cost
Payables and accruals	Amortized cost
Long-term debt	Amortized cost

The Association removes financial liabilities, or a portion thereof, when the obligation is discharged, cancelled or expires.

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of write-downs or reversals are recognized in net income.

# Canadian Arts Presenting Association

## Notes to the financial statements

March 31, 2022

### 3. Bank indebtedness

The Association has an operating line of credit that allows for advances up to \$25,000. Interest is charged at prime plus 2.85%. Prime as at March 31, 2022 is 2.70%. The assets of the Association have been pledged as security for the advance. The unused balance as at March 31, 2022 is \$25,000 (2021 - \$25,000)

4. Receivables	<u>2022</u>	<u>2021</u>
Government	124,965	154,092
Membership and other	<u>92,381</u>	<u>117,530</u>
	<u>217,346</u>	<u>271,622</u>

5. Tangible capital assets			<u>2022</u>	<u>2021</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Computer equipment	\$ 11,728	\$ 10,913	\$ 815	\$ 1,166
Equipment	<u>1,142</u>	<u>892</u>	<u>250</u>	<u>311</u>
	<u>\$ 12,870</u>	<u>\$ 11,805</u>	<u>\$ 1,065</u>	<u>\$ 1,477</u>

### 6. Deferred revenue

Deferred revenue includes amounts for specific projects and purpose for expenditures that will be incurred in future periods.

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ -	\$ 20,769
Amount received during the year	124,800	-
Amount recognized during the year	<u>(7,230)</u>	<u>(20,769)</u>
	<u>\$ 117,570</u>	<u>\$ -</u>
Consists of:		
Department of Canadian Heritage	90,000	-
Wikimedia Foundation Inc.	27,570	-

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## Canadian Arts Presenting Association

### Notes to the financial statements

March 31, 2022

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#### 7. Long-term debt 2022 2021

0% Canadian Emergency Business Account loan. The Amount of \$40,000 represents the unforgiveable portion of the \$60,000 loan received under the Government of Canada COVID response program. 25% of the loan will be eligible for forgiveness, up to \$20,000, if the loan is fully repaid on or before December 31, 2023. If the loan is not fully repaid by that date, the remaining balance will bear interest at a rate of 5% per annum beginning on January 1, 2024 and due in full on December 31, 2025.

\$ 40,000      \$ 40,000

Estimated principal repayments are as follows:

2024

\$ 40,000

\$ 40,000

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#### 8. Government assistance 2022 2021

Government assistance –

Canadian Emergency Wage Subsidy

\$ 123,387      \$ 165,799

Government assistance –

Canadian Emergency Business Account

-      20,000

\$ 123,387      \$ 185,799

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#### 9. In-kind transactions and services

During the year, the Association incurred costs of \$82,520 (2021 - \$77,733) for digital marketing services. These expenditures were paid by a third party on behalf of the Association, and therefore have been included as in-kind service revenue with the Linked Digital Initiative (Schedule A) as private sector contributions.

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#### 10. Economic dependence

The Association is economically dependent on the various levels of government for operations and capital funding. Loss of funding from these sources would have a significant impact on the Association's ability to continue as a going concern.

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# Canadian Arts Presenting Association

## Notes to the financial statements

March 31, 2022

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### 11. Financial instruments

The Association's risk exposure and the impact on the Association's financial instruments are summarized below:

#### **Currency risk**

The Association, on occasion, incurs expenses or generates revenue in a foreign currency. The risk is not considered significant. There are no derivable financial instruments to reduce this risk.

#### **Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Association's main credit risks relate to its accounts receivable. The Association does not provide credit to its clients in the normal course of its operations.

#### **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Association is exposed to interest rate risk on its fixed and floating interest rate financial instruments.

#### **Liquidity risk**

Liquidity risk is the risk that the Association may not have cash available to satisfy financial liabilities as they come due. The Association actively maintains a committed credit facility to ensure that it has sufficient available funds to meet current and foreseeable future financial requirements at a reasonable cost.

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### 12. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

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### 13. Subsequent event

Subsequent to year end \$50,000 was transferred from the operating fund to a new internally restricted fund for organizational resilience and as a method of financial control.

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# Canadian Arts Presenting Association

## Schedule A – revenue and expenditures by project

March 31, 2022

	Operating	Conference	Cultural Missions	Linked Digital Future Initiative	Other Programs	PCBP	2022	2021
<b>Revenue</b>								
Government Funding								
Canadian Heritage	\$ 200,000	\$ -	\$ 38,000	\$ 357,662	\$ -	\$ -	\$ 595,662	\$ 571,502
Government assistance (Note 8)	123,387	-	-	-	-	-	123,387	185,799
Wage Grants	-	-	-	-	-	-	-	20,769
Global Affairs	-	64,998	41,463	-	-	-	106,461	56,710
Other grant funding	-	-	-	10,830	-	-	10,830	58,500
	<u>323,387</u>	<u>64,998</u>	<u>79,463</u>	<u>368,492</u>	<u>-</u>	<u>-</u>	<u>836,340</u>	<u>893,280</u>
Canada Council for the Arts	-	-	-	250,000	-	-	250,000	250,000
Conference revenue	-	19,553	-	-	-	-	19,553	-
Membership revenue	39,777	-	-	-	-	-	39,777	67,633
Linked Digital Future Initiative - other	-	-	-	4,570	-	-	4,570	-
Ontario Arts Council	24,876	-	-	-	-	-	24,876	24,876
In kind revenue (Note 9)	-	-	-	82,520	-	-	82,520	77,733
Presenters Capacity Building Program	-	-	-	-	-	70,096	70,096	154,855
Other program funding	-	-	-	-	30,445	-	30,445	700
Factor income	-	15,000	-	-	-	-	15,000	-
Cultural mission revenue	-	-	2,500	-	-	-	2,500	-
Donations	-	-	-	-	-	-	-	50
<b>Total Revenue</b>	<u>388,040</u>	<u>99,551</u>	<u>81,963</u>	<u>705,582</u>	<u>30,445</u>	<u>70,096</u>	<u>1,375,677</u>	<u>1,469,127</u>
<b>Expenditures</b>								
Amortization	412	-	-	-	-	-	412	578
Canadian Heritage project	-	-	-	-	-	-	-	3,930
Conference expense	-	86,885	-	-	-	-	86,885	1,005
Honorariums	-	2,000	-	-	-	-	2,000	-
In-kind expenses	-	-	-	82,520	-	-	82,520	77,733
Insurance	2,394	-	-	-	-	-	2,394	3,117
Interest and bank charges	2,371	453	-	-	-	-	2,824	2,040
Marketing	1,758	2,401	-	9,610	-	-	13,769	2,137
Meals, travel and accommodations	796	-	26,017	167	2,633	-	29,613	44,361
Meetings	-	-	-	1,386	-	-	1,386	3,301
Memberships and dues	707	-	-	-	-	-	707	1,986
National network meeting	-	-	-	-	5,973	-	5,973	12,011
Office	4,707	-	-	-	-	-	4,707	4,314
Other administrative expense	1,325	-	-	4,709	-	-	6,034	9,904
Professional fees	25,530	-	69,560	536,792	-	-	631,882	615,248
Program payout	-	-	-	-	-	54,071	54,071	144,855
Research	-	-	-	-	4,279	-	4,279	10,759
Salaries and wages	243,504	2,760	-	58,969	-	-	305,233	324,124
Telecommunications	4,005	-	-	-	-	-	4,005	4,512
Translation	-	33,794	-	4,834	-	-	38,628	6,769
Website	2,849	-	-	-	-	-	2,849	3,284
	<u>290,358</u>	<u>128,293</u>	<u>95,577</u>	<u>698,987</u>	<u>12,885</u>	<u>54,071</u>	<u>1,280,171</u>	<u>1,275,968</u>
Excess (deficiency) revenues over expenditures	\$ <u>97,682</u>	\$ <u>(28,742)</u>	\$ <u>(13,614)</u>	\$ <u>6,595</u>	\$ <u>17,560</u>	\$ <u>16,025</u>	\$ <u>95,506</u>	\$ <u>193,159</u>