

**NEILSON PARK CREATIVE CENTRE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
AUGUST 31, 2024**

NEILSON PARK CREATIVE CENTRE

AUGUST 31, 2024

CONTENTS

| | Page |
|-------------------------------------------|---------------|
| INDEPENDENT AUDITOR'S REPORT | 1 - 2 |
| AUDITED FINANCIAL STATEMENTS | |
| Statement of Financial Position | 3 |
| Statement of Changes in Net Assets | 4 |
| Statement of Operations | 5 |
| Statement of Cash Flows | 6 |
| Notes to the Financial Statements | 7 – 17 |

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Neilson Park Creative Centre

Qualified Opinion

I have audited the financial statements of Neilson Park Creative Centre which comprises the statement of financial position as at August 31, 2024, and the statements of operations and 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, except for the effect of adjustments, if any, which I might have determined to be necessary had I been able to satisfy myself concerning the completeness of the revenues referred to in the following paragraphs, these financial statements present fairly, in all material respects, the financial position of Neilson Park Creative Centre as at August 31, 2024 and the results of its financial activities and cash flows for the year ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified 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 the Financial Statements section of my report. I am independent of the Organization 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.

In common with many charitable organizations, the organization derives revenue from the general public in the form of donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the Organization and I was not able to determine whether any adjustments might be necessary to donations or fundraising revenue, excess of revenue over expenditures, assets and net assets.

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 Organization's ability to continue as a going concern disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations or has no realistic alternative but to do so.

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 Organization'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 Organization'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 Organization 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.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

JEFFREY D. MILGRAM PROFESSIONAL CORPORATION
Authorized to practise public accounting by the
Chartered Professional Accountants of Ontario

TORONTO, ONTARIO
NOVEMBER XX, 2024

NEILSON PARK CREATIVE CENTRE
STATEMENT OF FINANCIAL POSITION
AS AT AUGUST 31, 2024

| | <u>2024</u> | <u>2023</u> |
|----------------------------------------------------|----------------|----------------|
| | \$ | \$ |
| ASSETS | | |
| CURRENT | | |
| Cash – unrestricted | 458,786 | 473,896 |
| Short term investments (Note 3) | 100,572 | 79,215 |
| Receivables - Operations – trade receivables | 32,784 | 40,471 |
| - Employee advances | 1,648 | 1,592 |
| Prepays | <u>12,534</u> | <u>16,847</u> |
| | <u>606,324</u> | <u>612,021</u> |
| LONG TERM | | |
| Long term investments (Note 3) | <u>25,340</u> | <u>2,117</u> |
| CAPITAL (Note 4) | <u>84,878</u> | <u>80,029</u> |
| RESTRICTED | | |
| Cash - externally restricted – gaming fund | 20,091 | 28,134 |
| Accounts receivable – gaming fund | <u>7,973</u> | <u>5,118</u> |
| | <u>28,064</u> | <u>33,252</u> |
| | <u>744,606</u> | <u>727,419</u> |
| LIABILITIES AND NET ASSETS | | |
| CURRENT | | |
| Accounts payable and accruals | 28,020 | 50,631 |
| Government remittances payable | 49,987 | 35,655 |
| Deferred revenue (Note 5) | | |
| • Deferred contributions pertaining to membership | 26,293 | 28,660 |
| • Deferred contributions pertaining to programming | 99,215 | 100,635 |
| Canadian Emergency Business Account loan (Note 6) | <u>-</u> | <u>39,775</u> |
| Total Liabilities | <u>203,515</u> | <u>255,356</u> |
| NET ASSETS | | |
| Net assets - unrestricted | 513,027 | 438,811 |
| Net assets – restricted – gaming fund | <u>28,064</u> | <u>33,252</u> |
| | <u>541,091</u> | <u>472,063</u> |
| | <u>744,606</u> | <u>727,419</u> |
| APPROVED ON BEHALF OF THE BOARD: | | |



Treasurer



Chair

Date: November 19, 2024

The accompanying notes are an integral part of these financial statements.

**NEILSON PARK CREATIVE CENTRE
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED AUGUST 31, 2024**

| | <u>Restricted Gaming Fund</u> \$ | <u>Unrestricted Net Assets</u> \$ | <u>2024 Totals</u> \$ | <u>2023 Totals</u> \$ |
|-----------------------------------------|-----------------------------------------|------------------------------------------|------------------------------|------------------------------|
| BALANCE, BEGINNING OF YEAR | 33,252 | 438,811 | 472,063 | 409,866 |
| Net revenues over expenses for the year | <u>(5,188)</u> | <u>74,216</u> | <u>69,028</u> | <u>62,197</u> |
| BALANCE, END OF YEAR | <u>28,064</u> | <u>513,027</u> | <u>541,091</u> | <u>472,063</u> |

The accompanying notes are an integral part of these financial statements.

NEILSON PARK CREATIVE CENTRE
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2024

| | Unrestricted Operating <u>Fund</u> \$ | Restricted Gaming <u>Fund</u> \$ | <u>2024</u> \$ | <u>2023</u> \$ |
|--------------------------------------|------------------------------------------------|-------------------------------------------|-------------------|-------------------|
| REVENUE | | | | |
| Grants (Note 7) | | | | |
| • Federal - Program grants | 73,422 | - | 73,422 | 67,424 |
| • Provincial - Program grants | 25,000 | - | 25,000 | 25,000 |
| • Municipal – Program grants | 20,000 | - | 20,000 | - |
| • Other organizations | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,950</u> |
| | <u>118,422</u> | <u>-</u> | <u>118,422</u> | <u>95,374</u> |
| Earned | | | | |
| • Program fees | 372,837 | - | 372,837 | 294,245 |
| • Studio and gallery rental fees | 84,671 | - | 84,671 | 80,386 |
| • Membership revenue | 35,160 | - | 35,160 | 40,322 |
| • Sales commissions | <u>6,377</u> | <u>-</u> | <u>6,377</u> | <u>2,704</u> |
| | <u>499,045</u> | <u>-</u> | <u>499,045</u> | <u>417,657</u> |
| Other | | | | |
| • Fundraising and donations (Note 8) | 68,577 | 107,276 | 175,853 | 163,860 |
| • Special events | 18,493 | - | 18,493 | 22,752 |
| • Interest and sundry revenues | <u>26,337</u> | <u>-</u> | <u>26,337</u> | <u>11,736</u> |
| | <u>113,407</u> | <u>107,276</u> | <u>220,683</u> | <u>198,348</u> |
| Total income | <u>730,874</u> | <u>107,276</u> | <u>838,150</u> | <u>711,379</u> |
| EXPENSES | | | | |
| Advertising and promotion | 11,871 | - | 11,871 | 13,749 |
| Amortization | 22,284 | - | 22,284 | 6,770 |
| Facilities (Note 9) | 22,591 | - | 22,591 | 22,394 |
| Fundraising | 22,113 | - | 22,113 | 27,188 |
| Insurance | 4,795 | - | 4,795 | 6,340 |
| Interest and bank charges | 14,657 | 340 | 14,997 | 13,858 |
| Office and general | 54,110 | - | 54,110 | 42,626 |
| Professional fees | 10,712 | - | 10,712 | 11,516 |
| Programs | 65,975 | 112,124 | 178,099 | 134,759 |
| Salaries and wages | <u>427,550</u> | <u>-</u> | <u>427,550</u> | <u>369,982</u> |
| | <u>656,658</u> | <u>112,464</u> | <u>769,122</u> | <u>649,182</u> |
| NET REVENUES OVER EXPENSES | | | | |
| FOR THE YEAR | <u>74,216</u> | <u>(5,188)</u> | <u>69,028</u> | <u>62,197</u> |

The accompanying notes are an integral part of these financial statements.

**NEILSON PARK CREATIVE CENTRE
STATEMENT OF CHANGES IN CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2024**

| | <u>2024</u> | <u>2023</u> |
|------------------------------------------------------------------|------------------|------------------|
| | \$ | \$ |
| OPERATING ACTIVITIES | | |
| Net revenues over expenses (expenses over revenues) for the year | 69,028 | 62,197 |
| Adjustments: | | |
| Amortization of capital assets | 22,284 | 6,770 |
| Decrease in prior year's deferred revenue | <u>(129,295)</u> | <u>(100,712)</u> |
| | (37,983) | (31,745) |
| Increase in current year's deferred revenue | 125,508 | 129,295 |
| Net change in non-cash working capital | <u>810</u> | <u>7,907</u> |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | <u>88,335</u> | <u>105,457</u> |
| FINANCING ACTIVITIES | | |
| Investments | (44,580) | (11,201) |
| Canada Emergency Business Assistance loan | (39,775) | 677 |
| Purchase of capital assets - net | <u>(27,133)</u> | <u>(66,106)</u> |
| NET CASH USED BY FINANCING ACTIVITIES | <u>(111,488)</u> | <u>(76,630)</u> |
| (Decrease) Increase in cash for the year | (23,153) | 28,827 |
| Cash, at beginning of year | <u>502,030</u> | <u>473,203</u> |
| Cash, at end of year | <u>478,877</u> | <u>502,030</u> |
| COMPRISED OF: | | |
| | <u>2024</u> | <u>2023</u> |
| | \$ | \$ |
| Cash – unrestricted | 457,780 | 473,771 |
| Cash – broker account | 1,006 | 125 |
| Cash – externally restricted – gaming fund | <u>20,091</u> | <u>28,134</u> |
| | <u>478,877</u> | <u>502,030</u> |

The accompanying notes are an integral part of these financial statements.

NEILSON PARK CREATIVE CENTRE
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2024

1. Organization

Mandate - Neilson Park Creative Centre (NPCC) exists to foster and facilitate connections among our membership and stakeholder communities on their creative journey through our arts-focused programming and facilities; for our Resident Groups, Neilson Park Creative Centre is a permanent home for current and potential members for their creative, organizational and social needs. For our artists - creators and makers alike - Neilson Park Creative Centre serves as an alternative to the home studio existence of solo artists by offering a creative community of like-minded individuals to share that journey; for emerging groups of practitioners, Neilson Park Creative Centre delivers a supportive studio setting to encourage the creative, social and personal growth of artists, creators and crafters across disciplines; and , for the public, the facility is a gateway to discovering and exploring how the arts define and enrich their lives.

Incorporation - The Organization was incorporated by Letters Patent granted by the Province of Ontario in 1992 as a corporation without share capital. On September 1, 2018, the Organization was granted registered charitable status from the Canada Revenue Agency and as such, may issue tax deductible receipts to donors and is exempt from taxation under Section 149(1) of the Income Tax Act (Canada).

Mission – Neilson Park Creative Centre was established to provide a permanent home for resident art groups, artists, creators, makers, and supporters by providing dedicated studio space, viewing galleries and administrative and support spaces to respond to the needs of its members and supporters on the western area of the City of Toronto.

Accounting Framework - The Organization prepares its financial statements in accordance with the Chartered Professional Accountants of Canada (CPA, Canada) Handbook, Part III, Canadian accounting standards for not-for-profit organizations (ASNPO) applied on a basis consistent with that of the preceding year.

2. Summary of Significant Accounting Policies

The accounting policies of the Organization outlined below are those policies considered particularly significant.

Basis of Accounting

These financial statements were prepared using the accrual basis of accounting. The accrual basis recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipts of goods or services and the creation of a legal obligation to pay.

NEILSON PARK CREATIVE CENTRE
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2024

2. Summary of Significant Accounting Policies - Continued

Fund Accounting

The Organization follows the restricted fund method of accounting for revenues. As at the end of the current fiscal year, the organization had the following two funds:

Operations Fund: All contributions received by the Organization on which there are no restrictions, are recorded to the Operating Fund.

Gaming: The gaming asset accounts and gaming revenue accounts record all monies and funds generated through the conduct of e-Bingo and Nevada events. The Organization's e-Bingo gaming operations are governed by the Terms and Conditions for the conduct of Regular and Special Bingo Licenses, and Break Open Ticket Lottery Licenses as issued by the Ontario Lottery and Gaming Commission (OLG) pursuant to the Gaming Control Act, 1992 and the Criminal Code, Section 207. The e-Bingo operations are administered by the RAMA Bingo Sponsors' Association of which Neilson Park Creative Centre is a member.

Cash

Cash includes cash on hand, current bank deposits, and segregated gaming bank deposits held by the Organization.

Short Term Investments

Short term investments represent guaranteed investment certificates with maturities greater than 90 days but less than one year from the year end date or mutual funds held at year end. Short term investments are stated at amortized cost which approximates the financial instruments' fair value.

Long Term Investments

Long term investments represent guaranteed investment certificates and commercial paper or bonds with a maturity exceeding one year from the year end date and equity share holdings. Long term investments are stated at amortized cost which approximates the financial instruments' fair value. Investments in marketable securities are stated at the lower of cost and net realizable value after adjustment for any impairment in value. The quoted market price was used to estimate the fair value of the financial instruments held as marketable securities.

Capital Assets

Purchased capital assets are recorded at cost. Amortization is provided on a declining balance basis over the assets' estimated useful lives as follows:

| | |
|------------------------------|-----------------------|
| Furniture, fixtures, signage | 20% declining balance |
| Computer equipment | 30% declining balance |

NEILSON PARK CREATIVE CENTRE
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2024

2. Summary of Significant Accounting Policies - Continued

Impairment of Long Lived Assets

The Organization tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment is recognized to the extent the carrying value exceeds its fair value. While in the current year management did not record an impairment charge, several outdated and obsolete assets were removed from the books and accounts of the Organization; as the assets removed were fully amortized, the adjustment to capital assets had no impact on the year's operating results.

Revenue Recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions are allocated to the appropriate fund and are recognized as revenue in the year in which the related expenses are incurred.

Unrestricted contributions are recognized as revenue in the operating fund when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Government assistance related to current expenditures is reflected in the accounts as a revenue item in the current year. Assistance related and tied to a particular program or project is taken into income in proportion to the expenses incurred during the contractual period funded. Assistance related to the purchase of capital assets is deferred and brought into revenue in the year of the capital expenditure or as amortized to expenses, as applicable.

Revenues generated from memberships, which are a requirement of joining a resident group, are recognized over the membership year that runs from September 1st to August 31st annually. Fees received in advance of the membership year are deferred and brought into income over the following fiscal cycle.

Revenues generated from services rendered, rental of facilities and galleries, program fees and special events are recognized as revenues as it is earned which usually coincides with the program or event date stated in the contractual agreement or as the artistic courses are conducted.

Revenues pertaining to interest and gaming proceeds are recognized as earned.

NEILSON PARK CREATIVE CENTRE
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2024

2. Summary of Significant Accounting Policies – Continued

Estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management 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 expenditures during the reporting period. Actual results could differ from those estimates. During the year, management booked estimates to the accounts pertaining to the, certain accrued liabilities, deferred revenues, and the estimated useful life over which the capital assets are amortized to operations. Additional estimates pertaining expense allocation of individual program costs may also be based on estimates (Note 11).

Donated Material and Services

The Organization does not record the donation of materials which are not normally purchased by the Organization in the course of its operations and fundraising activities.

In addition, the work of the Organization is also heavily dependent on the voluntary service of its members. Since these services are not normally purchased by the Organization, and because of the difficulty of determining their fair value, the value of donated volunteer services is not recognized in these statements.

Financial Assets and Financial Liabilities

(i) Measurement of financial instruments

The Organization initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. The Organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are based on public stock exchange transactions in an active market, which are measured at fair value.

Changes in fair value are recognized in the statements of operations in the period incurred. Financial assets measured at amortized cost include cash, amounts receivable and fixed income investments. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

NEILSON PARK CREATIVE CENTRE
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2024

2. Summary of Significant Accounting Policies – Continued

Financial Assets and Financial Liabilities

(ii) Impairment

At the end of each reporting period, the Organization assesses whether there are any indications that a financial asset measured at amortized cost may be impaired. Objective evidence of impairment includes observable data that comes to the attention of the Organization, including but not limited to the following events: significant financial difficulty of the issuer; a breach of contract, bankruptcy or other financial indicators indicating distress relating to the item valued. When there is an indication of impairment, the Organization determines whether a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset.

When the Organization identifies a significant adverse change in the expected timing or amount of future cash flows from a financial asset, it reduces the carrying amount of the asset to the highest of the following:

- a) the present value of the cash flows expected to be generated by holding the asset discounted using a current market rate of interest appropriate to the asset;
- b) the amount that could be realized by selling the asset at the statement of financial position date; and
- c) the amount the Organization expects to realize by exercising its rights to any collection action less the costs necessary to exercise those actions.

When the Organization determines an adjustment to the carrying value is required, the carrying amount of the asset is reduced directly or through the use of an allowance account. The amount of the reduction is recognized as an impairment loss in the statements of operations. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent of the improvement, directly or by adjusting the allowance account. The amount of the reversal is recognized in the statements of operations in the period the reversal occurs.

Income Tax Status

The organization is exempt from income tax in Canada as a not-for-profit entity under Section 149(1)(l) of the Income Tax Act of Canada.

NEILSON PARK CREATIVE CENTRE
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2024

3. Short Term Investments

Short term investments held in mutual fund securities, are recorded at fair market value which is approximated by the stated market trading value as at the year end date. As at August 31, 2024, the short term investments held consist of the following:

| | <u>Book Value</u> \$ | <u>Fair Value</u> \$ |
|------------------------------------|-----------------------------|-----------------------------|
| Fidelity Cdn large cap | 15,708 | 18,407 |
| Fidelity insights Cl. Series B | 22,672 | 33,818 |
| Manulife global equity Cl. Adv SRS | 19,539 | 23,571 |
| MacKenzie global dividend fund | <u>19,000</u> | <u>24,776</u> |
| | <u>79,919</u> | <u>100,572</u> |

3. Long Term Investments

Long term investments held by the organization as at August 31, 2024, consist of the following position(s):

| | <u>Book Value</u> \$ | <u>Fair Value</u> \$ |
|----------|-----------------------------|-----------------------------|
| Equities | <u>24,772</u> | <u>26,346</u> |

4. Capital Assets

| | <u>2024</u> | | <u>2023</u> | |
|---------------------------------|----------------------|-------------------------------------------|---------------------------------|---------------------------------|
| | <u>At Cost</u> \$ | <u>Accumulated Amortization</u> \$ | <u>Net Book Value</u> \$ | <u>Net Book Value</u> \$ |
| Furniture, fixtures and signage | 108,037 | 45,838 | 62,199 | 77,749 |
| Leasehold improvements | 27,182 | 10,464 | 16,718 | - |
| Computer equipment | <u>16,153</u> | <u>10,192</u> | <u>5,961</u> | <u>2,280</u> |
| | <u>151,372</u> | <u>66,494</u> | <u>84,878</u> | <u>80,029</u> |

5. Deferred Contributions

The deferred operating contributions at year end pertain to the following amounts:

| | <u>2024</u> \$ | <u>2023</u> \$ |
|-------------------------------|-------------------|-------------------|
| Programming | | |
| Program fees – adult | 16,157 | 12,323 |
| Program fees – children/youth | 15,811 | 13,657 |
| Studio usage fees | 15,477 | 12,703 |
| Gallery usage fees | 15,470 | 12,398 |
| Sponsorships | <u>1,750</u> | <u>2,700</u> |
| | <u>64,665</u> | <u>54,081</u> |

NEILSON PARK CREATIVE CENTRE
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2024

5. Deferred Contributions – Continued

| | <u>2024</u> | <u>2023</u> |
|------------------------------------|----------------|----------------|
| | \$ | \$ |
| Grant Revenue | | |
| New Horizons grant | 12,161 | - |
| Provincial Seniors Community Grant | 20,000 | 25,000 |
| Toronto Arts council - program | <u>-</u> | <u>20,000</u> |
| | <u>32,161</u> | <u>45,000</u> |
| Earned Revenue | | |
| Gift certificates | 877 | 915 |
| Special events | 1,512 | 639 |
| Membership deposits | <u>26,293</u> | <u>28,660</u> |
| | <u>28,682</u> | <u>30,214</u> |
| | <u>125,508</u> | <u>129,295</u> |

6. Canadian Emergency Business Account Loan

In the fiscal 2020 year, the Organization applied for and received a \$40,000 loan under the Canada Emergency Business Account (CEBA) as part of the Federal government's Covid-19 relief legislation. The loan was interest-free and if paid by January 18, 2024 (formerly December 31, 2023), \$10,000 of the loan is forgivable.

In the fiscal 2021 year, the Organization applied for, and received, an additional \$20,000 loan under the CEBA loan program under the same terms and conditions allowing for an additional \$10,000 of the aggregate loan to be forgivable.

As the Organization's management believed at that time, that the Organization would be in a position to allow for the repayment of the loan by above specified date, the loan's forgivable portion was recognized as revenue in the fiscal year of receipt. At each year end, the CEBA debt has been stated at its fair value taking into account the estimated cost of borrowing of 3% per annum. The differential between the fair value as at the year end date and the \$40,000 aggregate face value of the loan, has been included in the determination of revenue annually to the date of maturity. In the 2024 fiscal year, the Organization repaid the full \$40,000 loan under the Canada Emergency Business Account (CEBA) which was formally discharged by the Toronto Dominion Bank on October 8, 2023.

NEILSON PARK CREATIVE CENTRE
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2024

7. Grants

Grants – Federal Program Grants

| | <u>2024</u> | <u>2023</u> |
|--------------------------------------------|---------------|---------------|
| | \$ | \$ |
| Government-Federal Programs | | |
| • Employment and Social Development Canada | | |
| ○ Canada Summer Jobs | 61,313 | 46,655 |
| • New Horizons Seniors Grant | <u>12,109</u> | <u>20,769</u> |
| | <u>73,422</u> | <u>67,424</u> |

Grants – Provincial - Program Grants

| | <u>2024</u> | <u>2023</u> |
|---------------------------------------|---------------|---------------|
| | \$ | \$ |
| Government-Provincial Programs | | |
| • Provincial Seniors Community Grant | <u>25,000</u> | <u>25,000</u> |

Grants – Municipal - Program Grants

| | <u>2024</u> | <u>2023</u> |
|------------------------------------------|---------------|-------------|
| | \$ | \$ |
| Government-Provincial Covid-19 | | |
| • City of Toronto – Newcomers Arts Grant | 20,000 | - |
| | <u>20,000</u> | <u>-</u> |

Grants – Other

| | <u>2024</u> | <u>2023</u> |
|-------------------------------------|----------------|---------------|
| | \$ | \$ |
| Other – Toronto Arts Council | | |
| • Etobicoke Rotary Club | - | <u>2,950</u> |
| | <u>118,422</u> | <u>95,374</u> |

8. Donation In Kind

The Organization has received the following donations in kind; but, in accordance with the accounting policies as described in Note 2, only those contributions utilized in operations, and when the valuation can be determined, have been recorded to the accounts in the fiscal year.

- Contributions of equity stock \$2,441 (Note 3);
- Use of facilities at no cost to the Organization (Note 9).

**NEILSON PARK CREATIVE CENTRE
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2024**

9. Lease Commitment

The organization has use of its operating premises, provided by the City of Toronto, at no cost pursuant to a lease agreement, save for \$1 per annum.

Provision of this facility represents a significant contribution to the Organization. As described above, the Organization has elected not to record the contribution of goods and services where the determination of value is not available; accordingly, no government assistance and no corresponding rent expense has been recorded in the accounts for the current or prior years with respect to the premises leased from the City of Toronto.

10. Economic Dependence

The Organization is economically dependant upon the continued support of the City of Toronto as the City provides continued use of the Organization's leased operating premises at a nominal value (Note 9); should the terms of that agreement change materially in the future; it would significantly impact the ability of the Organization to continue its operations at its current location.

These financial statements have been prepared on the assumption that the Organization is a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business operations. These financial statements reflect the going concern assumption on the basis of continued support from the City of Toronto.

11. Allocation of Revenue and Expenditures

Revenues recorded during the year are allocated to the program to which the funding is provided or the services rendered; as appropriate. Government funding is specific to many of the programs offered by the Organization with residual funding going towards administration and general operations.

Staff salaries are allocated to the program in which the staff is involved and provides support services. Staff involved in more than one program and administrative staff are split between programs based on estimated time allocation or budget allocation under the MOU. Employee benefits and employment taxes are allocated in proportion to the salaries incurred by each program. Common or administrative expenditures, incurred during the year are allocated between the various programs on an equal basis when there is no specific percentage use identified.

NEILSON PARK CREATIVE CENTRE
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2024

12. Risk

General

The Organization holds financial assets in the form of cash and accounts receivable. It is management's opinion that the fair value of these financial instruments approximates their stated value due to the short term to maturity for the items held at year end.

The Organization also holds financial liabilities in the form of accounts payable and accrued liabilities, and deferred revenue. Financial liabilities also have fair values and stated values that approximate each other at year end due to the short term to maturity of the liabilities and debts held.

Liquidity

The Organization manages its liquidity risk by monitoring actual and projected cash flows, from both operations and the gallery program, to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses.

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect the future cash flows or the fair value of financial instruments.

Interest rate risk arises when the organization invests in interest-bearing financial instruments.

The organization is exposed to the risk that the value of such financial instruments will fluctuate due to the prevailing levels of market interest rates.

As at August 31, 2024, the organization held interest bearing investments in the form of bonds and guaranteed investment certificates and is therefore subject to the risk associated with interest rate changes on the investments held.

While the risk of future cash flows from the investments held will accordingly increase or decrease with the changes to the market rate of interest on similar investments, many of these investments are fully cashable at any time which does not preclude management from reinvesting at a more favourable rate, and accordingly, minimizing the exposure to interest rate risk on these investment vehicles. Where investments are non-redeemable, management has staggered the maturity dates to ensure that in any one year, sufficient investments come due to support the operating needs of the Organization.

NEILSON PARK CREATIVE CENTRE
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2024

12. Risk -Continued

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market price of the investments held. Market risk comprises three types of risk; currency risk, interest risk, and price risk. As the organization only operates in Canadian dollars, it has no exposure to currency risk in the year. In addition, as the investment in mutual funds do not yield a material value of interest income, the exposure to interest risk is also not material to the Organization. Based on the investments held, the Organization is exposed to market risk in the year. Management attempts to minimize market risk through the decision making process of the Board's finance committee.

Other Risks

It is management's opinion that the Organization is not exposed to significant interest, currency, market or credit risks arising from the financial instruments held.