
MASS CULTURE CANADA

FINANCIAL STATEMENTS

MARCH 31, 2023

INDEPENDENT AUDITOR'S REPORT

To the Members of Mass Culture Canada,

Opinion

We have audited the financial statements of Mass Culture Canada (the organization), which comprise the statement of financial position as at March 31, 2023, 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 our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Mass Culture Canada as at March 31, 2023 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 organization 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 the 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 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.

Those charged with governance are responsible for overseeing the organization'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 on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT (continued)

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism 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 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 we conclude that a material uncertainty exists, we are required to draw your 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 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.

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.

Pennylegion Chung LLP

Chartered Professional Accountants
Licensed Public Accountants

September 13, 2023
Toronto, Ontario

MASS CULTURE CANADA
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2023

	2023	2022
ASSETS		
Current assets		
Cash	\$ 481,258	\$ 238,952
Amounts receivable	23,010	13,960
HST rebate recoverable	32,189	5,013
Prepaid expenses	<u>-</u>	<u>3,895</u>
	<u>\$ 536,457</u>	<u>\$ 261,820</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 132,813	\$ 6,041
Payroll source deductions payable	11,775	3,920
Deferred contributions (note 3)	321,949	167,800
Deferred revenue	<u>5,000</u>	<u>21,000</u>
	<u>471,537</u>	<u>198,761</u>
Net assets		
Unrestricted	<u>64,920</u>	<u>63,059</u>
	<u>\$ 536,457</u>	<u>\$ 261,820</u>

Approved on behalf of the Board:

Robin Sokoloski, Director

Clara Bala, Director

see accompanying notes

MASS CULTURE CANADA

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2023

	2023	2022
REVENUE		
Contributions (note 4)	\$ 782,348	\$ 267,908
Sponsorships	61,000	-
Workshops	5,698	3,642
Interest	1,499	425
Conference fees	-	717
	<u>850,545</u>	<u>272,692</u>
EXPENSES		
Program	288,994	106,023
Personnel	253,717	150,480
Program providers	173,276	-
Marketing and communications	113,673	-
Office and general	10,581	2,818
Professional fees	8,443	7,276
	<u>848,684</u>	<u>266,597</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	1,861	6,095
Net assets, beginning of year	<u>63,059</u>	<u>56,964</u>
NET ASSETS, END OF YEAR	<u>\$ 64,920</u>	<u>\$ 63,059</u>

see accompanying notes

MASS CULTURE CANADA

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2023

	2023	2022
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	\$ 1,861	\$ 6,095
Net change in non-cash working capital items (see below)	<u>240,445</u>	<u>(53,359)</u>
NET INCREASE (DECREASE) IN CASH FOR THE YEAR	242,306	(47,264)
Cash, beginning of year	<u>238,952</u>	<u>286,216</u>
CASH, END OF YEAR	<u>\$ 481,258</u>	<u>\$ 238,952</u>

Net change in non-cash working capital items:

Decrease (increase) in current assets-		
Amounts receivable	\$ (9,050)	\$ (13,960)
HST rebate recoverable	(27,176)	(1,540)
Prepaid expenses	3,895	(3,895)
Increase (decrease) in current liabilities-		
Accounts payable and accrued liabilities	126,771	(1,180)
Payroll source deductions payable	7,856	1,216
Deferred contributions	154,149	(55,000)
Deferred revenue	<u>(16,000)</u>	<u>21,000</u>
	<u>\$ 240,445</u>	<u>\$ (53,359)</u>

see accompanying notes

MASS CULTURE CANADA

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2023

Mass Culture Canada (the organization) was incorporated on October 10, 2018 without share capital under the Canada Not-for-profit Corporations Act and commenced operations on September 10, 2019. The organization is exempt from income tax in Canada as a registered charitable organization under the Income Tax Act (Canada).

The organization is committed to ensuring all communities have the ability to mobilize and benefit from arts and culture research.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management is responsible for the preparation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations. Outlined below are those policies considered particularly significant:

Revenue recognition

The organization's principal sources of revenue and recognition of these revenues for financial statement purposes are as follows:

Contributions

The organization follows the deferral method of revenue recognition for contributions. Externally restricted contributions, including grants and restricted donations, related to current expenses are recognized as revenue in the current year. Externally restricted contributions received in the year for expenses to be incurred in the following year are recorded as deferred contributions. Unrestricted contributions, including donations and amounts received from fundraising, are recorded when received.

Contributed materials and services

Contributed materials and services, which are normally purchased by the organization are not recorded in the accounts.

Conference and workshop fees

Conference and workshop fees are recognized as revenue when the related events take place.

Interest

Interest revenue is recognized as revenue when earned.

2. FINANCIAL INSTRUMENTS

The organization's financial instruments include cash, amounts receivable, accounts payable and accrued liabilities. Amounts receivable, accounts payable and accrued liabilities are initially recorded at fair value and are subsequently recorded net of any provisions for impairment in value.

MASS CULTURE CANADA

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2023

3. DEFERRED CONTRIBUTIONS

Deferred contributions are as follows:

	2023	2022
Canada Council for the Arts	\$ 108,000	\$ 69,000
Ontario Trillium Foundation	100,000	-
Canadian Conference of the Arts	48,800	48,800
Azrieli Foundation	22,263	-
Toronto Arts Council	20,000	-
Ontario Art Foundation	14,681	20,000
University of Toronto	8,205	-
Canadian Heritage	-	15,000
City of Toronto	-	15,000
	<u>\$ 321,949</u>	<u>\$ 167,800</u>

Continuity of deferred contributions for the year is as follows:

	2023	2022
Deferred contributions, beginning of year	\$ 167,800	\$ 222,800
Add cash received from contributions	936,497	212,908
Less contribution revenue recognized	<u>(782,348)</u>	<u>(267,908)</u>
Deferred contributions, end of year	<u>\$ 321,949</u>	<u>\$ 167,800</u>

MASS CULTURE CANADA

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2023

4. CONTRIBUTIONS

Contribution revenue recognized was from the following sources:

	2023	2022
Department of Canadian Heritage	\$ 409,700	\$ 38,400
Canada Council for the Arts	218,410	62,000
Metcalf Foundation	40,000	-
Ontario Arts Council	20,000	-
Azrieli Foundation	17,737	-
University of Toronto	16,736	-
Association for Opera in Canada	15,000	10,888
Cultural Human Resources Council	10,000	3,232
Toronto Arts Council	4,855	-
Employment and Social Development Canada	4,701	4,440
Ontario Trillium Foundation	3,689	100,000
Ontario College of Art & Design University	230	10,560
Ontario Art Foundation	-	20,000
Mississauga Arts Council	-	9,500
Aftermetoo Webinars	-	4,500
Ontario Ministry of Heritage, Sport, Tourism and Culture Industries	-	3,723
Donations	<u>21,290</u>	<u>665</u>
	<u>\$ 782,348</u>	<u>\$ 267,908</u>