

**MASS CULTURE CANADA**

**FINANCIAL STATEMENTS**

**MARCH 31, 2024**

## INDEPENDENT AUDITORS' REPORT

To the Members of  
Mass Culture Canada

### Report on the Audit of the Financial Statements

#### **Opinion**

We have audited the financial statements of Mass Culture Canada ("the organization"), which comprise the statement of financial position as at March 31, 2024, the statement of operations, the statement of changes in net assets, and the statement of 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, 2024, 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 *Auditors' 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.

#### **Other Matter**

The financial statements of the Organization for the year ended March 31, 2023 were audited by the Organization's former auditor. An unmodified audit opinion was issued on those financial statements on September 13, 2023.

#### **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 these 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.

## INDEPENDENT AUDITORS' REPORT (Continued)

### ***Auditors' 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.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement 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 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.

*Rashidi LLP*

Richmond Hill, Ontario  
August 22, 2024

Chartered Professional Accountants  
Licensed Public Accountants

**MASS CULTURE CANADA**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2024**

**ASSETS**

	<u>2024</u>	<u>2023</u>
<b>Current</b>		
Cash	\$ 627,152	\$ 481,258
Accounts receivable	-	23,010
HST recoverable	11,909	32,189
Prepaid expenses	492	-
	<b>\$ 639,553</b>	<b>\$ 536,457</b>

**LIABILITIES AND NET ASSETS**

<b>Current</b>		
Accounts payable and accrued liabilities	\$ 6,491	\$ 132,813
Payroll source deductions payable	7,419	11,775
Deferred grants (Note 2)	256,780	276,800
Deferred revenue	210,943	50,149
	481,633	471,537
<b>Net assets</b>	157,920	64,920
	<b>\$ 639,553</b>	<b>\$ 536,457</b>

**APPROVED BY THE BOARD:**



\_\_\_\_\_  
**Director**



\_\_\_\_\_  
**Director**

*(The accompanying notes are an integral part of these financial statements)*

**MASS CULTURE CANADA**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED MARCH 31, 2024**

	<u><b>2024</b></u>	<u><b>2023</b></u>
<b>Revenue</b>		
Grants (Note 3)	\$ 402,003	\$ 661,355
Workshops and events	37,500	5,698
Sponsorships and project contributions	32,613	160,703
Research and consulting fees	38,239	-
Interest and other income	21,658	22,789
	<u>532,013</u>	<u>850,545</u>
<b>Expenses</b>		
Salaries and benefits	168,312	253,717
Programming	107,288	284,697
Consultants	101,479	193,385
Office and general	34,496	14,769
Marketing and communications	17,085	93,564
Professional fees	9,990	8,443
Bank charges	363	109
	<u>439,013</u>	<u>848,684</u>
<b>Excess of revenue over expenses</b>	<u><b>\$ 93,000</b></u>	<u><b>\$ 1,861</b></u>

*(The accompanying notes are an integral part of these financial statements)*

**MASS CULTURE CANADA**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED MARCH 31, 2024**

	<u>Unrestricted</u>	<u>Management Contingency Reserve (Note 1g)</u>	<u>2024</u>	<u>2023</u>
<b>Balance, beginning of year</b>	\$ 64,920	\$ -	\$ 64,920	\$ 63,059
<b>Excess (deficiency) of revenues over expenses</b>	93,000	-	93,000	1,861
<b>Interfund transfer (Note 1g)</b>	( 93,000 )	93,000	-	-
<b>Balance, end of year</b>	<u>\$ 64,920</u>	<u>\$ 93,000</u>	<u>\$ 157,920</u>	<u>\$ 64,920</u>

*(The accompanying notes are an integral part of these financial statements)*

**MASS CULTURE CANADA**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MARCH 31, 2024**

	<u><b>2024</b></u>	<u><b>2023</b></u>
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess of revenue over expenses	\$ 93,000	\$ 1,861
<b>Changes in non-cash working capital items</b>		
Accounts receivable	23,010	( 9,050 )
HST recoverable	20,280	( 27,176 )
Prepaid expenses	( 492 )	3,895
Accounts payable and accrued liabilities	( 126,322 )	126,771
Payroll source deductions payable	( 4,356 )	7,856
Deferred grants (Note 2)	( 20,020 )	154,149
Deferred revenue	160,794	( 16,000 )
	52,894	240,445
<b>Increase (decrease) in cash during the year</b>	145,894	242,306
<b>Cash, beginning of the year</b>	481,258	238,952
<b>Cash, end of the year</b>	<b>\$ 627,152</b>	<b>\$ 481,258</b>

*(The accompanying notes are an integral part of these financial statements)*

**MASS CULTURE CANADA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2024**

**PURPOSE OF THE ORGANIZATION:**

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's charitable number is 118830371 RR0001.

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**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The organization's significant accounting policies are as follows:

**a) Revenue recognition**

The Organization uses the deferral method in accounting for contributions which include donations, grants and other contributions.

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.

Project grants and contributions are recognized as revenue in the year in which the related expenses are incurred. Grants approved but not received at the end of an accounting period are accrued. Where a portion of the grant relates to a future period, it is deferred and recognized in that subsequent period.

All other income including membership fees and recovery of costs are recognized as revenue when earned and the related services are provided.

**b) Expense recognition**

Expenses are recognized on the accrual basis.

**c) Financial instruments**

The organization initially records all financial instruments at fair market value, and subsequently records them at amortized cost.



**MASS CULTURE CANADA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2024**

**1. SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

**c) Financial instruments (Continued)**

The organization's financial instruments consist of cash, short term investments, accounts receivable, accounts payable and accrued liabilities.

**d) Use of estimates**

The preparation of financial statements in accordance 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 liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reported period.

Significant items subject to such estimates and assumptions include year-end accrued liabilities. Actual results could differ from management's best estimates as additional information becomes available in the future.

**e) Contributed services**

The Organization derives benefit from members acting as volunteers and directors. Since these services are not normally purchased by the Organization and because of the difficulty in determining the fair value, donated services are not recognized in the financial statements. Contributed goods are also not recognized in these financial statements.

**f) Income taxes**

The organization is a not-for-profit organization under the Income Tax Act (Canada) and, as such, is exempt from income taxes.

**g) Internally restricted net assets:**

The Organization has internally restricted net assets to be used for specific purposes. These funds are not available for operations without approval of the Board. The internally restricted reserve funds are as follows:

***Management contingency reserve***

The management contingency reserve fund is designated to provide for extraordinary expenses that exceed or fall outside of the Organization's operating budget or to fund the Organization's obligations in extreme circumstances as determined and approved by the Board. The minimum amount of \$93,000 or such other amount as may be determined by the Board shall be maintained in this fund. During the fiscal year, the Board approved a reserve fund transfer of \$93,000 from the unrestricted to the management contingency reserve fund.

**MASS CULTURE CANADA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2024**

**2. DEFERRED GRANTS:**

The balance of deferred grants is comprised as follows:

	<u><b>2024</b></u>	<u><b>2023</b></u>
Canada Council - Project	\$ 95,500	\$ 108,000
Canada Council - Project	48,800	48,800
Toronto Arts Council - Project	-	20,000
Ontario Trillium Foundation - Project	112,480	100,000
	<u><u><b>\$ 256,780</b></u></u>	<u><u><b>\$ 276,800</b></u></u>

Continuity of deferred grants for the year is as follows:

	<u><b>2024</b></u>	<u><b>2023</b></u>
Deferred contributions, beginning of year	\$ 276,800	\$ 167,800
Add cash received from contributions	381,983	770,355
Less contribution revenue recognized	( 402,003 )	( 661,355 )
<b>Deferred contributions, end of year</b>	<u><u><b>\$ 256,780</b></u></u>	<u><u><b>\$ 276,800</b></u></u>

**3. GRANTS:**

	<u><b>2024</b></u>	<u><b>2023</b></u>
Canada Council - Project	\$ 98,000	\$ 218,410
Canadian Red Cross	39,200	-
Canadian Heritage	150,000	409,700
Canada Summer Jobs	4,857	4,701
Ontario Arts Council - Project	-	20,000
Toronto Arts Council - Project	20,000	4,855
Ontario Trillium Foundation - Project	77,520	-
Cultural Human Resources Council - Project	12,426	-
Ministry of Culture	-	3,689
	<u><u><b>\$ 402,003</b></u></u>	<u><u><b>\$ 661,355</b></u></u>

**MASS CULTURE CANADA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2024**

**4. CAPITAL MANAGEMENT AND ECONOMIC DEPENDENCE:**

The Organization includes cash, accounts receivable, accounts payable and accrued charges, deferred grants and net assets in its capital management consideration. The Organization's objectives when managing capital are to safeguard its ability to continue as a going concern and continue to execute its mandate.

The Organization monitors these items to assess its ability to fulfil its ongoing financial obligations. The Organization relies primarily on project grants to fund its operations and makes adjustments to its budgeted expenditures in light of changes. The Organization is not subject to externally imposed capital requirements.

The Organization is dependent on grants and contribution revenues for continued operations.

**5. FINANCIAL INSTRUMENTS - RISK MANAGEMENT:**

**a) Interest Rate Risk**

Interest rate risk is the risk of potential financial loss caused by fluctuations in fair value of future cash flow of financial instruments due to changes in market interest rates.

**b) Credit Risk**

Credit risk is the potential for financial loss should a counter-party in a transaction fail to meet its obligations. Due to the nature of the contributions and general operations, the Organization does not face any significant concentration of credit risk.

**c) Liquidity Risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Organization manages this risk by preparing and monitoring detailed forecasts of cash flows from operations, anticipating investing and financing activities and holding assets that can be readily converted into cash.

The organization's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, credit or liquidity risks. The fair value of these financial instruments approximates their carrying values.

The extent of the organization's exposure to the above risks did not change during 2024.

**MASS CULTURE CANADA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2024**

**6. RECLASSIFICATION OF COMPARATIVE FIGURES:**

- a) The 2023 comparative financial statements were prepared by the Organization's former auditor.
  
- b) Certain of the 2023 comparative figures have been reclassified to conform with the current year's presentation.