

XPACE CULTURAL CENTRE
YEAR ENDED AUGUST 31, 2021
(Unaudited)

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the directors of

XSPACE CULTURAL CENTRE

We have reviewed the accompanying financial statements of Xspace Cultural Centre that comprise the statement of financial position as at August 31, 2021 and the statements of revenues and expenses, changes in net assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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 (ASNFPO), and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We have conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these financial statements do not present fairly, in all material respects, the financial position of Xspace Cultural Centre as at August 31, 2021 and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Stern Cohen LLP

Chartered Professional Accountants
Licensed Public Accountants
Toronto, Canada
January 26, 2022

XPACE CULTURAL CENTRE
STATEMENT OF REVENUES AND EXPENSES

(Unaudited)

| For the year ended August 31, | 2021 \$ | 2020 \$ |
|--|----------------|----------------|
| Revenues | | |
| OCAD U External Space fees | 283,953 | 273,082 |
| IWSP grants | 5,669 | 5,029 |
| Government grants - Toronto Arts Council | 18,000 | 18,000 |
| Fundraising and donations | 185 | 127 |
| Other income (Note 3b) | 39,209 | 11,714 |
| | 347,016 | 307,952 |
| Expenses | | |
| Salaries | 138,138 | 133,592 |
| IWSP wages | 7,558 | 6,821 |
| Employee benefits | 17,631 | 19,399 |
| Professional development | 2,075 | 1,033 |
| Programming - reception expenses | 35,902 | 45,638 |
| Programming - hospitality expenses | - | 3,697 |
| Rent | 65,752 | 61,936 |
| Utilities | 4,486 | 4,216 |
| Telephone and internet | 1,049 | 773 |
| Office and general | 2,649 | 2,669 |
| Professional fees | 9,392 | 6,220 |
| Security | 407 | 707 |
| Website | 2,311 | 1,368 |
| Amortization | 2,245 | 1,076 |
| | 289,595 | 289,145 |
| Excess of revenues over expenses for the year | 57,421 | 18,807 |

See accompanying notes.



XPACE CULTURAL CENTRE
STATEMENT OF CHANGES IN NET ASSETS

(Unaudited)

| For the year ended August 31, | 2021 | 2020 |
|---|----------------|---------|
| | \$ | \$ |
| Surplus, beginning of year | 116,600 | 97,793 |
| Excess of revenues over expenses for the year | 57,421 | 18,807 |
| Surplus, end of year | 174,021 | 116,600 |

See accompanying notes.

XPACE CULTURAL CENTRE
STATEMENT OF CASH FLOW

(Unaudited)

| For the year ended August 31, | 2021 \$ | 2020 \$ |
|--|---------------|----------------|
| Operating activities | | |
| Excess of revenues over expenses for the year | 57,421 | 18,807 |
| Item not involving cash | | |
| Amortization | 2,245 | 1,076 |
| Working capital from operations | 59,666 | 19,883 |
| Net change in non-cash working capital balances related to operations | (5,675) | (22,195) |
| Cash (required by) from operations | 53,991 | (2,312) |
| Investing activities | | |
| Purchase of capital assets | (5,424) | - |
| Change in cash during the year | 48,567 | (2,312) |
| Cash | | |
| Beginning of year | 107,989 | 110,301 |
| End of year | 156,556 | 107,989 |

See accompanying notes.



XPACE CULTURAL CENTRE
STATEMENT OF FINANCIAL POSITION

(Unaudited)

| As at August 31, | 2021 \$ | 2020 \$ |
|--|----------------|----------------|
| ASSETS | | |
| Current assets | | |
| Cash | 156,556 | 107,989 |
| Accounts receivable (Note 3b) | 45,932 | 26,406 |
| Prepaid expenses and deposits | 3,546 | 3,546 |
| | <u>206,034</u> | <u>137,941</u> |
| Capital assets (Note 2) | 5,690 | 2,511 |
| | <u>211,724</u> | <u>140,452</u> |
| LIABILITIES | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities (Note 3b) | 37,703 | 5,852 |
| Deferred revenue | - | 18,000 |
| | <u>37,703</u> | <u>23,852</u> |
| NET ASSETS | <u>174,021</u> | <u>116,600</u> |
| | <u>211,724</u> | <u>140,452</u> |

Other information (Note 3)

See accompanying notes.

Approved on behalf of the Board:



 Director



XPACE CULTURAL CENTRE
NOTES TO FINANCIAL STATEMENTS

(Unaudited)

AUGUST 31, 2021

Xpace Cultural Centre is a not-for-profit organization incorporated without share capital under the Canada Not-for-Profit Corporations Act (CNCA). The organization is exempt from income taxes under the Income Tax Act of Canada. Xpace Cultural Centre is a membership driven artist-run centre supported by the OCAD Student Union and is dedicated to providing emerging student artists and designers with the opportunity to showcase their work in a professional setting.

1. Significant accounting policies

These financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFP) and include the following significant accounting policies:

(a) Revenue recognition

The organization follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. 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.

Restricted contributions consists of government grants and the OCAD University International Work Study Program (IWSP) grant.

OCAD SU External Space fees are derived from the students enrolled at OCAD University and are recognized over the academic year. Fundraising and donation revenues and other income is recognized when received or when the event has occurred.

(b) Government assistance

Government assistance, in the form of wage and rent subsidies, is recognized in the period the eligible wages were paid and where there is reasonable assurance that the assistance will be received and all attached conditions will be complied with by the organization.

XPACE CULTURAL CENTRE
NOTES TO FINANCIAL STATEMENTS

(Unaudited)

AUGUST 31, 2021

1. Significant accounting policies (cont'd)

(c) *Capital assets*

Capital assets are stated at cost. Amortization is recorded at rates calculated to charge the cost of the assets to operations over their estimated useful lives. Maintenance and repairs are charged to operations as incurred. Gains and losses on disposals are calculated on the remaining net book value at the time of disposal and included in income.

Amortization is charged to operations on a declining basis, at the following annual rates:

| | | |
|--------------------|---|-----|
| Computer equipment | - | 30% |
| Website | - | 55% |

The organization reviews the carrying amounts of its capital assets regularly. If the capital assets no longer have any long-term service potential to the organization, the excess of the net carrying amount over any residual value is recognized as an expense in the statement of operations.

(d) *Use of estimates*

The preparation of financial statements in conformity with accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenditures during the year. Significant items subject to such estimates include the estimated useful life of capital assets. Actual results could differ from these estimates.

(e) *Financial instruments*

The organization initially measures its financial assets and financial liabilities at fair value.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost except for investments, which are measured at fair value.

The organization's financial instruments that are measured at amortized cost consist of cash, accounts receivable, accounts payable and accrued liabilities, and deferred revenue.

XPACE CULTURAL CENTRE
NOTES TO FINANCIAL STATEMENTS

(Unaudited)

AUGUST 31, 2021

2. Capital assets

| | Cost \$ | Accumulated amortization \$ | Net | |
|--------------------|---------------|-----------------------------------|--------------|--------------|
| | | | 2021 \$ | 2020 \$ |
| Computer equipment | 11,117 | 9,359 | 1,758 | 2,511 |
| Website | 5,424 | 1,492 | 3,932 | - |
| | 16,541 | 10,851 | 5,690 | 2,511 |

3. Other information

(a) *Commitments*

The organization is committed under a net lease for premises until January 2023. Annual rents are approximately as follows:

| | |
|------|---------------|
| | \$ |
| 2022 | 66,560 |
| 2023 | 27,730 |
| | 94,290 |

(b) *Other income - government wage subsidy*

During the year the organization claimed \$24,267 (2020 - \$3,398) in government assistance in the form of the Canada Emergency Wage Subsidy (CEWS) and \$10,592 (2020 - \$0) of the Canada Emergency Rent Subsidy (CERS) offered by the Canadian government resulting from the COVID-19 pandemic. Both the CEWS and CERS subsidies have been recorded in other income. As of year end, \$34,372 in government assistance is included in accounts receivable and \$20,153 is included in accounts payable and accrued liabilities and has subsequently been paid.

XPACE CULTURAL CENTRE
NOTES TO FINANCIAL STATEMENTS

(Unaudited)

AUGUST 31, 2021

3. Other information (cont'd)

(c) *Financial instruments*

The organization is exposed to the following significant risks:

i) *Liquidity risk*

Liquidity risk is the risk that the organization may not be able to meet its financial obligations as they become due. The organization manages its liquidity risk by monitoring and managing the cash requirements to ensure the organization has sufficient funds to meet its operational requirements.

ii) *Credit risk*

The organization is exposed to credit risk in the event of non-payment by members in connection with its accounts receivable. The exposure to credit risk is the carrying value of accounts receivable on the statement of financial position.

(d) *Related party transactions*

The majority of the members on the board of directors of Xpace Cultural Centre are also on the board of directors of OCAD Student Union concluding that the organizations are under common control. The total related party transactions in the fiscal year were \$0 (2020 - \$0). OCAD Student Union does pay certain expenses on behalf of the organization such as insurance. These expenses are not expected to be paid back to OCAD Student Union.

(e) *COVID-19*

The outbreak of the novel coronavirus ("COVID-19"), in March 2020, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which have included travel bans, state and country lockdowns, self-imposed quarantine periods and social distancing have created material disruption to businesses globally, which are resulting in an economic slowdown. The duration and impact of the COVID-19 pandemic is unknown at this time and as a result it is not possible for management to estimate the severity of the impact it may have on the financial results of the organization nor its future condition and operations in future periods.