

NATIONAL ACCESSARTS CENTRE
Financial Statements
Year Ended March 31, 2023

NATIONAL ACCESSARTS CENTRE
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Year Ended March 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Members of National accessArts Centre

Qualified Opinion

I have audited the financial statements of National accessArts Centre (the Society), which comprise the statement of financial position as at March 31, 2023, and the statements of revenues and expenditures, changes in fund balances 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 possible effects of the matter described in the *Basis for Qualified Opinion* section of my report, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2023, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO)

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Society derives revenue from fundraising activities (including donations) the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Society. Therefore, I was not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended March 31, 2023, current assets and net assets as at March 31, 2023. My audit opinion on the financial statements for the year ended March 31, 2022 was modified accordingly because of the possible effects of this limitation of scope.

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 Society in accordance with 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. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit 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 ASNPO, 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

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

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Independent Auditor's Report to the Members of National accessArts Centre *(continued)*

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.

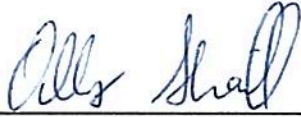
As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- 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 Society'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 Society'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 Society 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.

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Independent Auditor's Report to the Members of National accessArts Centre (*continued*)

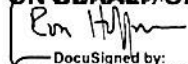


Ally Shariff Professional Corporation
Chartered Professional Accountant

Calgary, Alberta
June 19, 2023

NATIONAL ACCESSARTS CENTRE
Statement of Financial Position
March 31, 2023

	General Fund	Jane Cameron Archive Fund	2023	2022
ASSETS				
CURRENT				
Cash	\$ 72,734	\$ 8,702	\$ 81,436	\$ 355,297
Accounts receivable (Note 3)	39,363	-	39,363	34,928
Goods and services tax recoverable	18,627	-	18,627	14,814
Prepaid expenses	18,208	-	18,208	10,064
Restricted cash (Note 6)	72,223	-	72,223	51,658
	221,155	8,702	229,857	466,761
PROPERTY AND EQUIPMENT (Note 4)	1,625,495	-	1,625,495	24,674
INTANGIBLE ASSETS (Note 5)	176,483	-	176,483	230,892
	\$ 2,023,133	\$ 8,702	\$ 2,031,835	\$ 722,327
LIABILITIES AND FUND BALANCES				
CURRENT				
Bank indebtedness (Note 7)	\$ 325,956	\$ -	\$ 325,956	\$ -
Accounts payable and accrued liabilities	102,610	-	102,610	94,511
Deferred operating revenue	17,503	-	17,503	18,951
Other deferred revenue	1,606	-	1,606	51,242
Deferred gaming revenue (Note 6)	72,223	-	72,223	56,458
Deferred grants (Note 8)	182,170	-	182,170	283,412
Current portion of long term debt (Note 10)	40,000	-	40,000	-
	742,068	-	742,068	504,574
DEFERRED CAPITAL CONTRIBUTIONS (Note 9)	773,411	-	773,411	247,611
LONG TERM DEBT (Note 10)	-	-	-	40,000
	1,515,479	-	1,515,479	792,185
FUND BALANCES				
General Fund	(520,912)	-	(520,912)	(89,663)
Invested in capital assets	1,028,566	-	1,028,566	7,954
Jane Cameron Archives Fund	-	8,702	8,702	11,851
	507,654	8,702	516,356	(69,858)
	\$ 2,023,133	\$ 8,702	\$ 2,031,835	\$ 722,327

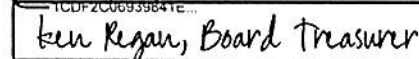
ON BEHALF OF THE BOARD


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Director

Ron Hoffmann, Board Chair, 2023 | 9:23 PM PDT



Director

Ken Regan, Board Treasurer, 2023 | 8:46 AM PDT

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See notes to financial statements

NATIONAL ACCESSARTS CENTRE
Statement of Revenues and Expenditures
Year Ended March 31, 2023

	General Fund 2023	Jane Cameron Archives Fund 2023	Total 2023	Total 2022
REVENUES				
<i>Operating Funds</i>				
PDD provincial operating grant	\$ 497,205	\$ -	\$ 497,205	\$ 487,379
CADA - operating grant	102,400	-	102,400	77,400
AFA - operating grant	60,000	-	60,000	60,000
Other federal funding	18,930	-	18,930	-
City of Calgary - COVID Relief	15,307	-	15,307	42,105
<i>Other Revenues</i>				
Project & restricted grants (Note 8)	421,430	-	421,430	447,176
Donations & sponsorships	283,269	-	283,269	473,746
PDD program revenues	92,266	-	92,266	79,572
Amortization - deferred capital contributions (Note 9)	84,101	-	84,101	268,050
Gaming revenues (Note 6)	63,472	-	63,472	70,191
Community program revenues	32,860	-	32,860	16,601
Other revenues	17,675	-	17,675	10,525
Fundraising	18,392	-	18,392	9,800
Exhibition revenues	4,710	-	4,710	17,142
Interest income	1,359	43	1,402	3,115
	<u>1,713,376</u>	<u>43</u>	<u>1,713,419</u>	<u>2,062,802</u>
OPERATING EXPENSES				
PDD program costs & wages	584,774	-	584,774	618,711
Admin & community wages	444,843	-	444,843	331,603
Facility & office costs	290,534	3,192	293,726	217,711
Community programming	234,297	-	234,297	145,229
Marketing & admin travel	168,774	-	168,774	135,802
Fundraising expenses	103,344	-	103,344	78,271
Exhibitions & presenting	95,090	-	95,090	145,569
Artist fees	67,648	-	67,648	96,001
Amortization - intangible assets (Note 5)	60,559	-	60,559	55,365
Capital planning	40,600	-	40,600	78,714
Amortization - property and equipment (Note 4)	32,433	-	32,433	228,468
	<u>2,122,896</u>	<u>3,192</u>	<u>2,126,088</u>	<u>2,131,444</u>
DEFICIENCY FROM OPERATIONS	(409,520)	(3,149)	(412,669)	(68,642)
OTHER ITEMS				
Gain (loss) on disposal of assets	(1,117)	-	(1,117)	3,000
DEFICIENCY OF REVENUES OVER OPERATING EXPENSES	<u>\$ (410,637)</u>	<u>\$ (3,149)</u>	<u>\$ (413,786)</u>	<u>\$ (65,642)</u>

See notes to financial statements

NATIONAL ACCESSARTS CENTRE
Statement of Changes in Fund Balances
Year Ended March 31, 2023

	2022 Balance	Deficiency of revenues over operating expenses	Transfers and contributions	Withdrawals	2023 Balance
General Fund	\$ (89,663)	\$ (410,637)	\$ (20,612)	\$ -	\$ (520,912)
Invested in property and equipment (<i>Note 4</i>)	7,954	-	1,020,612	-	1,028,566
Jane Cameron Archives Fund	11,851	(3,149)	-	-	8,702
	<u>\$ (69,858)</u>	<u>\$ (413,786)</u>	<u>\$ 1,000,000</u>	<u>\$ -</u>	<u>\$ 516,356</u>

	2021 Balance	Deficiency of revenues over operating expenses	Transfers and contributions	Withdrawals	2022 Balance
General Fund	\$ (40,947)	\$ (64,636)	\$ 15,920	\$ -	\$ (89,663)
Invested in property and equipment	23,874	-	(15,920)	-	7,954
Jane Cameron Archives Fund	12,857	(1,006)	-	-	11,851
	<u>\$ (4,216)</u>	<u>\$ (65,642)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (69,858)</u>

NATIONAL ACCESSARTS CENTRE
Statement of Cash Flows
Year Ended March 31, 2023

	2023	2022
OPERATING ACTIVITIES		
Deficiency of revenues over operating expenses	\$ (413,786)	\$ (65,642)
Items not affecting cash:		
Amortization - property and equipment	32,433	228,468
Amortization - intangible assets	60,559	55,365
Loss (gain) on disposal of property and equipment	1,117	(3,000)
Amortization - deferred capital contributions	(84,101)	(268,050)
	<u>(403,778)</u>	<u>(52,859)</u>
Changes in non-cash working capital:		
Accounts receivable	(4,435)	22,927
Goods and services tax recoverable	(3,813)	8,669
Prepaid expenses	(8,144)	(8,629)
Accounts payable and accrued liabilities	8,100	(54,740)
Deferred income	(136,561)	210,813
	<u>(144,853)</u>	<u>179,040</u>
	<u>(548,631)</u>	<u>126,181</u>
INVESTING ACTIVITIES		
Purchase of property and equipment	(34,371)	(3,384)
Proceeds on disposal of property and equipment	-	3,000
Purchase of intangible assets	(6,150)	(12,582)
	<u>(40,521)</u>	<u>(12,966)</u>
FINANCING ACTIVITY		
Deferred capital contributions received	9,901	16,102
INCREASE (DECREASE) IN CASH FLOW	(579,251)	129,317
Cash - beginning of year	406,955	277,638
CASH (DEFICIENCY) - END OF YEAR	\$ (172,296)	\$ 406,955
CASH CONSISTS OF:		
Cash	\$ 81,437	\$ 355,297
Restricted cash	72,223	51,658
Bank indebtedness	(325,956)	-
	<u>\$ (172,296)</u>	<u>\$ 406,955</u>

See notes to financial statements

NATIONAL ACCESSARTS CENTRE
Notes to Financial Statements
Year Ended March 31, 2023

1. PURPOSE OF THE SOCIETY

The National accessArts Centre ("NaAC" or the "Society") provides artistic training, creation, exhibition, and presents opportunities for artists with disabilities, by sharing the power of their creativity through local and global partnerships and advocacy that opens doors for their inclusion in our arts and culture ecosystem.

NaAC was incorporated under the *Societies Act* (Alberta) on April 14, 1975 and is a registered charity under the *Income Tax Act* (Canada). On November 18, 2020, NaAC filed Articles of Amendment changing its name from The In-Definite Arts to National accessArts Centre.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Cash and cash equivalents

Cash and cash equivalents include cash, restricted cash, and bank indebtedness.

Property and equipment

Property and equipment is stated at cost or deemed cost less accumulated amortization and is amortized over its estimated useful life on a declining balance basis at the following rates and methods:

Computer equipment	3 years	straight-line method
Office equipment	5 years	straight-line method
Classroom equipment	5 years	straight-line method
Leasehold improvements	term of the lease	straight-line method
Buildings	4%	declining balance method

The Society regularly reviews its property and equipment to eliminate obsolete items.

Property and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

Contributed services

The operations of the organization depend on both the contribution of time by volunteers and donated materials from various sources. Donated goods are recorded at their fair market value at the time of the donation. During the year, the Society received \$39,930 of goods donated in-kind (2022 - \$35,903). The fair value of donated services cannot be reasonably determined and are therefore not reflected in these financial statements.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

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NATIONAL ACCESSARTS CENTRE
Notes to Financial Statements
Year Ended March 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currency translation

The Society does not carry any monetary or non-monetary assets or liabilities. However, a limited amount of expenses incurred were translated at the rate of exchange prevailing on the transaction date.

There were no foreign exchange gains or losses on monetary assets and liabilities.

Fund accounting

The Society follows the restricted fund method of accounting for contributions.

General Fund

The General Fund accounts for the Society's program delivery and administrative activities. Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund in the year in which the related expenses are incurred.

Restricted contributions used to acquire or construct tangible or intangible assets are deferred and recognized as revenue on the same basis as the amortization expense of the related capital assets.

Restricted contributions used to acquire capital assets that will not be amortized are recognized as direct increases in net assets.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Jane Cameron Archives Fund

The Jane Cameron Archives Fund reports resources that are to be used for the maintenance of assets contributed to that fund. Investment income earned on resources of the Fund is reported in the Fund.

Goods and services tax

As a registered charity the Society can recover 50% of the GST paid on expenditures in the form of a rebate. The unrecoverable portion is recorded either as an expense or capitalized with the cost of any related capital assets. The rebate is treated as a receivable.

Government grants

Government grants are recorded when there is a reasonable assurance that the Society had complied with and will continue to comply with, all the necessary conditions to obtain the grants.

Impairment of long lived assets

The Society 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 loss is recognized to the extent the carrying value exceeds its fair value.

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NATIONAL ACCESSARTS CENTRE
Notes to Financial Statements
Year Ended March 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets

The artJourney social media platform is amortized on a straight-line basis over its estimated useful life of five (5) years.

The Break the Barrier CRM will be amortized on a straight-line basis over its estimated useful life of three (3) years.

Measurement uncertainty

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Net assets

- a) Net assets invested in capital assets represents the Society's net investment in capital assets which is comprised of the unamortized amount of capital and intangible assets purchased with unrestricted funds and donated non-depreciable capital assets.
- b) Internally restricted net assets are funds which have been designated for a specific purpose by the society's Board of Directors.
- c) Unrestricted net assets comprise the excess of revenue over expenses accumulated by the society each year, net of transfers, and are available for general purposes.

3. ACCOUNTS RECEIVABLE

	2023	2022
Amounts receivable from artists	\$ 5,947	\$ 12,382
Allowance for doubtful accounts	(339)	(1,600)
Subtotal	5,608	10,782
Other receivables	33,755	24,145
	\$ 39,363	\$ 34,927

4. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Leasehold improvements	\$ 2,130,514	\$ 2,130,514	\$ -	\$ -
Computer equipment	50,883	38,774	12,109	13,863
Classroom equipment	37,764	35,829	1,935	3,208
Office equipment	40,289	37,422	2,867	7,603
Building	621,003	12,420	608,583	-
Land	1,000,000	-	1,000,000	-
	\$ 3,880,453	\$ 2,254,959	\$ 1,625,494	\$ 24,674

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NATIONAL ACCESSARTS CENTRE
Notes to Financial Statements
Year Ended March 31, 2023

4. PROPERTY AND EQUIPMENT (continued)

During the year, the Society recognized amortization of \$32,323 (2022 - \$228,468) in its operations.

The Society also received a donation of land and building with an appraised value of \$1,600,000. The portion related to the building in the amount of \$600,000 (Note 9) has been recorded as a deferred capital contribution. The portion related to land in the amount of \$1,000,000 has been recorded as a direct increase to net assets.

5. INTANGIBLE ASSETS

	2023	2022
artJourney social media platform	\$ 276,827	\$ 273,675
Break the Barrier CRM	15,580	12,600
	292,407	286,275
Accumulated amortization	(115,924)	(55,383)
	\$ 176,483	\$ 230,892

During the year, the Society completed developing a secure artist and program database, a CRM ("Break the Barrier"). This internal database system integrates all programming information, manages membership information, and facilitates registrations and program planning. The goal of this system is to increase capacity and drive efficiency and responsiveness for the artists.

During the year, the Society recognized amortization of \$60,559 (2022 - \$55,365) in its operations.

6. DEFERRED GAMING REVENUE

Deferred gaming revenue reported in the General Fund represents unspent funding restricted for expenditures approved by the Alberta Gaming, Liquor and Cannabis Commission. Changes in the deferred gaming revenue are as follows:

	2023	2022
Casino cash balance and deferred revenue, beginning of year	\$ 51,658	\$ 69,024
Proceeds from casino	74,338	-
Received as donations from other not-for-profit organizations	19,600	56,328
Subtotal	145,596	125,352
Amounts expended on program delivery	(60,000)	(70,000)
Amounts expended on property and equipment (deferred capital contributions)	(9,901)	(3,502)
Casino advisor fees	(2,351)	-
Bank charges, GST, and other	(1,121)	(192)
Casino cash balance, end of year	\$ 72,223	\$ 51,658

Included in accounts receivable is a balance due from the Fairview Community Association in the amount of \$Nil (2022 - \$4,800). As such, the deferred gaming revenue recorded in the accounts is \$72,223 (2022 - \$56,458).

NATIONAL ACCESSARTS CENTRE
Notes to Financial Statements
Year Ended March 31, 2023

7. BANK INDEBTEDNESS

	2023	2022
Bank indebtedness	\$ 325,956	\$ -

The Society has an unused operating line with ATB Financial to a maximum of \$50,000, which bears interest at prime plus 4.75% per annum and is secured by a General Security Agreement.

During the year, the Society obtained a new revolving credit line in the amount of \$400,000 with Connect First Credit Union Ltd. The facility bears interest at the Bank's prime rate plus 1.15% per annum with interest payable monthly. The effective interest rate at March 31, 2023 was 7.85%.

The credit facility is secured by a Collateral Mortgage in the principal amount of \$400,000 charging the Won Lee Community Arts Hub building in Toronto, Ontario; an Assignment of Rents and Leases; and a General Security Agreement.

Subsequent to the year-end, the new credit facility was discharged in favour of a new credit facility (Note 12).

8. DEFERRED GRANTS

Deferred grants reported in the General Fund represents unspent restricted funding received for specific purposes, as follows:

	2023	2022
Canada Council - QAAC Mentorship Program	\$ 39,606	\$ -
Canada Council - Ways of Making	30,000	-
Shaw - artLMS	27,516	32,864
Won Lee Marketing Project	27,238	48,000
CADA - New Work New Ways	22,417	-
Canada Council - Digital Music Project	10,826	72,182
SSHRC - FAARMM Project	10,000	-
Embassy of Canada - Intense Difference	9,921	-
The National Arts Centre - Iconic + Project	2,500	-
Online Programming (FY23)	2,046	-
CBE - Accessible Dance/Movement	100	-
Calgary Foundation - Intentional Instincts	-	47,399
Canada Council - Ways of Knowing	-	46,200
Canada Council - Beginning - A National Conversation	-	25,226
Canada Council - Moving Pictures & Film Festival	-	7,541
Pandemic Recovery Fund/COVID-19 Resiliency Fund	-	4,000
	-	-
	-	-
	\$ 182,170	\$ 283,412

During the year, the Society received \$175,021 (2022 - \$618,822) of new project grant funding and realized \$276,263 (2022 - \$445,878) in operations.

NATIONAL ACCESSARTS CENTRE
Notes to Financial Statements
Year Ended March 31, 2023

9. DEFERRED CAPITAL CONTRIBUTIONS

The changes for the year in the deferred capital contributions balance are as follows:

	2023	2022
<u>Deferred capital contributions - Fairview</u>		
Balance, beginning of year	\$ 16,071	\$ 225,884
Additions	9,901	3,502
Subtotal	25,972	229,386
Less amount recognized as revenue in the year	(13,166)	(213,315)
Balance, end of year	12,806	16,071
 <u>Deferred capital contributions - artJourney</u>		
Balance, beginning of year	218,940	273,675
Additions	-	-
Subtotal	218,940	273,675
Less amount recognized as revenue in the year	(54,735)	(54,735)
Balance, end of year	164,205	218,940
 <u>Deferred capital contributions - Break the Barrier</u>		
Balance, beginning of the year	12,600	-
Additions	-	12,600
Subtotal	12,600	12,600
Less amount recognized as revenue in the year	(4,200)	-
Balance, end of year	8,400	12,600
 <u>Deferred capital contributions - Won Lee Community Arts Hub</u>		
Additions	600,000	-
Less amount recognized as revenue in the year	(12,000)	-
	588,000	-
 Grand total	 \$ 773,411	 \$ 247,611

During the year, the Society recognized \$84,101 (2022 - \$268,050) of deferred capital contributions into income.

NATIONAL ACCESSARTS CENTRE
Notes to Financial Statements
Year Ended March 31, 2023

10. LONG TERM DEBT

The Canada Emergency Business Account ("CEBA") partially forgivable loan through ATB Financial is non-interest bearing and not due until December 31, 2023. After December 31, 2023, any unpaid balance will bear interest at 5% per annum and be repayable as to interest only until December 31, 2026, at which time the balance will be due.

The maximum amount available under this loan program is \$60,000. The loan is forgivable as to 25% on the first \$40,000 borrowed (\$10,000) and 50% on the next \$20,000 borrowed (\$10,000). The society availed itself of the full \$60,000.

In 2021, the Society recognized the \$20,000 forgivable portion of the loan into income as management fully intends to repay the full amount of the loan on or before December 31, 2023.

11. FINANCIAL INSTRUMENTS

The Society is exposed to various risks through its financial instruments. The exposure to these risks are managed in accordance with its Risk Management Policy. The objective of the policy is to reduce volatility in cash flow and earnings. The Board of Directors monitors compliance with risk management policies and reviews risk management policies on a periodic basis. The following analysis provides information about the Society's risk exposure and concentration as of March 31, 2023.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Society is exposed to credit risk from its member artists. In order to reduce its credit risk, the Society reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Society has a significant number of customers which minimizes concentration of credit risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Society is exposed to this risk mainly in respect of its receipt of funds from its funders and other related sources and accounts payable. Liquidity requirements are met by preparing and monitoring forecasts of cash flows from operations and maintaining a line of credit.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The Society is exposed to interest rate risk primarily through its floating interest rate operating line.

Currency risk

Currency risk is the risk to the company's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The society is not exposed to currency risk as it has very few transactions denominated in foreign currencies.

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12. SUBSEQUENT EVENTS

Refinancing

Subsequent to the year-end, the Society negotiated and entered into two new financing facilities with TD Canada Trust.

Business Line of Credit (Revolving by Overdraft) - authorized to a maximum of \$400,000 bearing interest at TD Prime Rate plus 1.75% per annum payable monthly.

Business Loan (Fixed Rate Term) - \$400,000 loan bearing interest at 7.7% per annum, repayable in monthly blended instalments of \$3,016 commencing July 15, 2023.

Both credit facilities are secured by the Won Lee Community Arts Hub building in Toronto, Ontario.

Renewal of the PDD Contract

Effective April 1, 2023, the Society signed a new three-year contract with the Alberta Government, as represented by the Minister of Seniors, Community and Social Services, under its Disability Services - PDD Supports and Services project. Under the contract, the Society will be provided a maximum sum of \$1,580,054 to perform the services outlined therein, payable monthly. The contract expires March 31, 2026.

13. COMPARATIVE FIGURES

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