

ETHNIK FESTIVALS ASSOCIATION
2025 Financial Statements
Year ended February 28, 2025

Ethnik Festivals Association
2025 Financial Statements
For the year ended February 28, 2025

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Versatile Accounting Professional Corporation

Chartered Professional Accountant

Independent Auditor's Report

To the Members of
Ethnik Festivals Association

Opinion

I have audited the financial statements of Ethnik Festivals Association, which comprise the statement of financial position as at February 28, 2025, and the statements of operations, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at February 28, 2025, and the results of its operations and its cash flows for the year then ended in accordance with ASNPO.

Basis for Opinion

In common with many not-for-profit organizations, the Association derives revenue from fundraising activities 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 Association. 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 years ended February 28, 2025 and 2024, current assets as at February 28, 2025 and 2024, and net assets as at March 1 and February 28 for both the 2025 and 2024 years. My audit opinion on the financial statements for the year ended February 28, 2025 was modified accordingly because of the possible effects of this limitation in 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 Association 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. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 Association'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 Association or

to cease operations, or has no realistic alternative but to do so.

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

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 Association'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 Association'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 Association 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.

Versatile Accounting Professional Corporation

Chartered Professional Accountant

Calgary, Alberta

May 15, 2025

**Ethnik Festivals Association
Statement of Financial Position**

February 28	2025	2024
Assets		
Current		
Cash (note 3)	\$ 11,210	\$ 60,019
Short term investment (note 4)	10,000	10,000
Accounts receivable (note 5)	68,379	6,948
	89,589	76,967
Property and equipment, net of accumulated amortization (note 6)	5,491	5,930
	\$ 95,080	\$ 82,897
Liabilities and fund balances		
Current		
Accounts payable and accrued liabilities	\$ 36,432	\$ 21,378
Deferred contribution (note 7)	-	2,235
	36,432	23,613
Net assets	58,648	59,284
	\$ 95,080	\$ 82,897

On behalf of the Board

Olanrewaju Ajayi

Member (Executive Director)

Christie Eze

Member (Acting Board Chair)

The accompanying notes are an integral part of these financial statements

Ethnik Festivals Association
Statement of Operations

For the year ended February 28	2025	2024
Revenue		
Grants and sponsorship	\$ 363,275	\$ 317,435
Miscellaneous income	1,392	5,688
Ticket sale	13,445	13,242
Donations	18,630	7,955
	396,742	344,320
Expenditures		
Amortization	2,015	1,046
Consulting fees	13,056	238
Director's fees	100,800	74,650
Event cost	190,658	217,444
Insurance	1,987	1,819
Interest and bank charges	2,196	765
Office	10,273	5,399
Unclaimed GST	-	3,298
Subcontract	29,976	8,410
Subscriptions, permits and licenses	-	872
Telecommunications	1,658	588
Travel	41,318	22,129
Vehicle	3,441	3,434
	397,378	340,092
Excess (deficiency) of revenue over expenditures	\$ (636)	\$ 4,228

The accompanying notes are an integral part of these financial statements

Ethnik Festivals Association
Statement of Changes in Net Assets

For the year ended February 28	2025	2024
Net assets, beginning of year	\$ 59,284	\$ 55,056
Excess (deficiency) of revenue over expenditures	(636)	4,228
Net assets, end of year	\$ 58,648	\$ 59,284

The accompanying notes are an integral part of these financial statements

**Ethnik Festivals Association
Statement of Cash Flows**

For the year ended February 28	2025	2024
Operating activities		
Excess (deficiency) of revenue over expenditures	\$ (636)	\$ 4,228
Item not involving cash		
Amortization	2,015	1,046
	1,379	5,274
Net change in non-cash working capital items		
Accounts receivable	(61,431)	(2,228)
Accounts payable and accrued liabilities	15,054	(38,872)
Proceeds of grants and other fundings	181,285	341,835
Spending of grants and other funding	(183,520)	(344,320)
	(48,612)	(43,585)
Cash flows from operating activities	(47,233)	(38,311)
Investing activity		
Purchase of property and equipment and cash flows from investing activity	(1,576)	(6,977)
Net change in cash during the year	(48,809)	(45,288)
Cash, beginning of year	60,019	105,307
Cash, end of year	\$ 11,210	\$ 60,019

The accompanying notes are an integral part of these financial statements

Ethnik Festivals Association
Notes to Financial Statements
For the year ended February 28, 2025

1. Nature of operations

Ethnik Festivals Association (the "Association") is a not-for-profit organization incorporated provincially under the Societies Act of Alberta.

Association is a community-based not-for-profit Art and Cultural organization that create platforms for Afro-Canadian/ Caribbean individuals, groups, and collective creators to showcase their unique cultural identities to communities throughout all of Canada and beyond.

On December 19, 2024, the association was designated as a charitable organization under the Societies Act of Alberta.

2. Summary of significant accounting policies

The Association applies the Canadian accounting standards for not-for-profit organizations.

Cash

Cash includes the balance in the bank within the reputed financial institution.

Revenue recognition

The Association 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.

Fundraising, sale of ticket and other fees are recorded as received. Membership fees and sponsorships are recorded as earned.

Contributed services

Directors, committee members and owners volunteer their time to assist in the Association's activities. While these services benefit the Association considerably, a reasonable estimate of their amount and fair value cannot be made and, accordingly, these contributed services are not recognized in the financial statements.

Donated material

Contributions of materials are recognized in the financial statements at fair value at the date of contribution, but only when a fair value can be reasonably estimated and when the materials are used in the normal course of operations, and would otherwise have been purchased.

Property and equipment

Property and equipment are recorded at cost and are being amortized over their estimated useful lives. The annual amortization rate is as follows:

2. Summary of significant accounting policies – continued

Property and equipment – continued

Equipment 30%

Deferred revenue

The deferred revenue are contributions represent the unspent portion of externally restricted contributions. These amounts are recorded as liabilities as they are not recognized as revenue until the related expenses have occurred.

Income taxes

The Association is exempt from the payment of income taxes under the Income Tax Act, and has therefore made no provisions for income taxes in these financial statements.

Financial instruments

(i) Measurement of financial instruments

The Association 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. Amounts due to and from related parties are measured at the exchange amount, being the amount agreed upon by the related parties.

The Association subsequently measures its financial assets and financial liabilities at amortized cost, except for short term investment in GIC, which are subsequently measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, deferred revenue and due to related party.

Ethnik Festivals Association
Notes to Financial Statements
For the year ended February 28, 2025

2. Summary of significant accounting policies – continued

Financial instruments – continued

(ii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in net income. The write down reflects the difference between the carrying amount and the higher of:

- ◆ the present value of the cash flows expected to be generated by the asset or group of assets;
- ◆ the amount that could be realized by selling the assets or group of assets;
- ◆ the net realizable value of any collateral held to secure repayment of the assets or group of assets.

When the events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in net income up to the amount of the previously recognized impairment.

3. Cash

	<u>2025</u>	<u>2024</u>
Cash and bank balance	\$ 11,210	\$ 60,019

4. Short term investment

	<u>2025</u>	<u>2024</u>
	\$ 10,000	\$ 10,000

The short term investment is GIC maturing within one year. The interest rate is 3% per annum. The maturity date is January 24, 2025. The Association has reinvested and will mature in January 26, 2026.

Ethnik Festivals Association
Notes to Financial Statements
For the year ended February 28, 2025

5. Accounts receivable

	2025	2024
Good and service tax	\$ 3,379	\$ 6,948
TD grant	65,000	-
	\$ 68,379	\$ 6,948

TD provided the grant of \$130,000 for an event in two payments of \$65,000 each. The Association received the grant of first payment of \$65,000 on December 31, 2024 and remainder of \$65,000 will be paid on December 31, 2025. The Association has recorded the receivable for the year. The TD grant was restricted to Association event for Ethnik Festivals of Arts and Culture to take place on February 21 to 22, 2025 year. The Association has completed the event and recognize the whole grant amount as revenue for the year as the grant fund is not restricted and therefore not deferred.

6. Property and equipment

	2025		2024	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Equipment	\$ 8,553	\$ 3,062	\$ 6,977	\$ 1,047
Net book value	\$ 5,491		\$ 5,930	

Ethnik Festivals Association
Notes to Financial Statements
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7. Deferred contribution /Grant & Sponsorship

	<u>Opening</u>	<u>Addition</u>	<u>Utilized/ Income</u>	<u>Closing</u>
Alberta Foundation for the Arts	\$ -	\$ 16,750	\$ (16,750)	\$ -
Canadian Heritage grant	2,235	-	(2,235)	-
Calgary Arts Development	-	60,000	(60,000)	-
TD sponsorship (note 5)	-	130,000	(130,000)	-
Minister of Diversity	-	34,500	(34,500)	-
Government of Alberta	-	45,000	(45,000)	-
Minister of Canadian Heritage	-	22,800	(22,800)	-
Various sponsorships	-	51,990	(51,990)	-
	<u>\$ 2,235</u>	<u>\$ 361,040</u>	<u>\$ (363,275)</u>	<u>\$ -</u>

	<u>Opening</u>	<u>Addition</u>	<u>Utilized</u>	<u>Closing</u>
Alberta government grants	\$ -	\$ 30,000	\$ (30,000)	\$ -
Canadian Heritage grant	4,720	68,061	(70,546)	2,235
City of Calgary	-	50,000	(50,000)	-
TD sponsorship	-	60,000	(60,000)	-
Calgary tourism	-	15,750	(15,750)	-
Calgary Arts Development	-	55,000	(55,000)	-
Ministry of Diversity	-	31,500	(31,500)	-
Federal government grant	-	4,639	(4,639)	-
	<u>\$ 4,720</u>	<u>\$ 314,950</u>	<u>\$ (317,435)</u>	<u>\$ 2,235</u>

8. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

Credit risk

Credit risk is the risk that the Association will incur a financial loss because a contributor or counterparty fails to discharge an obligation. The Association is exposed to credit risk through its cash and its accounts receivable from customers. The Association has a number of different clients to purchase the products and provide services for fees, which reduces the concentration of credit risk from customers.

The Association has a concentration of credit risk with respect to cash as all of the cash and term deposit are held at one financial institution, and as such, the Association is exposed to the risks of the institution. The financial institution has deposit insurance through the Canada Deposit Insurance Corporation to minimize any potential loss to the Association.

9. Fundraising expenses

As required under section 7(2) of the Charitable Fundraising Regulation of Alberta, the following amounts are disclosed:

During the year, no direct costs incurred for the purpose of soliciting contributions. No amounts paid as remuneration to employees whose principal duties involve fundraising.

10. Economic dependence

The Association receives the majority of its revenue through grants and sponsorship. The Association's continued operations are dependent on those funding agreement and on satisfying the terms of the agreement.

11. Comparative figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.