

CHOKECHERRY STUDIOS INCORPORATED

FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2023

and Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

To the Directors of Chokecherry Studios Incorporated:

Qualified Opinion

We have audited the accompanying financial statements of Chokecherry Studios Incorporated [the "organization"], which comprise the statement of financial position as at March 31, 2023, and the statement of operations, statement of changes in net assets and 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, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the organization 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 Qualified Opinion

In common with many not-for-profit organizations, the organization derives revenue from donations and 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 organization. Therefore, we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenses and net increase in cash from operating activities for the years ended March 31, 2023 and March 31, 2022, current assets as at March 31, 2023 and March 31, 2022, and net assets as at April 1, 2021, March 31, 2022, April 1, 2022, and March 31, 2023. Our audit opinion on the financial statements for the year ended March 31, 2022 was modified accordingly because of possible effects of this limitation of scope.

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 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 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 financial reporting process.

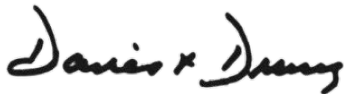
Auditor's Responsibilities for the Audit of the Financial Statements

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.

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 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.



Chartered Professional Accountants
Saskatoon, Saskatchewan

October 17, 2023

CHOKECHERRY STUDIOS INCORPORATED

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2023

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash	\$ 74,222	\$ 59,642
Accounts receivable	23,580	21,300
	<u>97,802</u>	<u>80,942</u>
CAPITAL ASSETS (Note 3)	<u>19,127</u>	<u>14,917</u>
	<u>\$ 116,929</u>	<u>\$ 95,859</u>
 <u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 5,500	\$ 5,501
Deferred revenue (Note 4)	7,949	28,416
	<u>13,449</u>	<u>33,917</u>
NET ASSETS:		
Unrestricted net assets	84,353	47,025
Invested in capital assets	19,127	14,917
	<u>103,480</u>	<u>61,942</u>
	<u>\$ 116,929</u>	<u>\$ 95,859</u>

Approved on behalf of the Board:



Director



Director

The accompanying notes are an integral part of the financial statements.

CHOKECHERRY STUDIOS INCORPORATED

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2023

	<u>2023</u>	<u>2022</u>
REVENUE:		
Donations	\$ 36,336	\$ 28,051
Fundraising	49	3,231
Grants - government (Note 5)	157,790	37,000
Grants - other (Note 5)	61,550	30,851
Rental income	-	320
Workshops, sponsorships and other income	217,847	76,349
	<u>473,572</u>	<u>175,802</u>
EXPENDITURES:		
Amortization	5,303	3,212
Bank charges and interest	1,085	387
Contract services	1,474	13,300
Honorariums	3,500	7,490
Meetings	2,085	2,403
Office	10,269	6,454
Professional fees	8,578	6,227
Programming and project expenses (Schedule 1)	180,354	51,917
Rent	21,600	19,635
Repairs and maintenance	1,116	830
Supplies	1,649	664
Wages and benefits	195,021	23,949
	<u>432,034</u>	<u>136,468</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>\$ 41,538</u>	<u>\$ 39,334</u>

The accompanying notes are an integral part of the financial statements.

CHOKECHERRY STUDIOS INCORPORATED**STATEMENT OF CHANGES IN NET ASSETS****FOR THE YEAR ENDED MARCH 31, 2023**

	2023		
	<u>Unrestricted net assets</u>	<u>Invested in capital assets</u>	<u>Total</u>
Balance, beginning of year	\$ 47,025	\$ 14,917	\$ 61,942
Capital asset purchases	(9,513)	9,513	-
Excess of revenue over expenditures	<u>46,841</u>	<u>(5,303)</u>	<u>41,538</u>
Balance, end of year	<u><u>\$ 84,353</u></u>	<u><u>\$ 19,127</u></u>	<u><u>\$ 103,480</u></u>

	2022		
	<u>Unrestricted net assets</u>	<u>Invested in capital assets</u>	<u>Total</u>
Balance, beginning of year	\$ 18,046	\$ 4,562	\$ 22,608
Capital asset purchases	(13,567)	13,567	-
Excess of revenue over expenditures	<u>42,546</u>	<u>(3,212)</u>	<u>39,334</u>
Balance, end of year	<u><u>\$ 47,025</u></u>	<u><u>\$ 14,917</u></u>	<u><u>\$ 61,942</u></u>

The accompanying notes are an integral part of the financial statements.

CHOKECHERRY STUDIOS INCORPORATED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2023

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM (TO) OPERATING ACTIVITIES:		
Cash received from donors and operations	\$ 450,825	\$ 163,651
Cash paid to suppliers and employees	<u>(426,732)</u>	<u>(133,123)</u>
	<u>24,093</u>	<u>30,528</u>
CASH FLOWS FROM (TO) INVESTING ACTIVITIES:		
Purchase of property and equipment	<u>(9,513)</u>	<u>(13,567)</u>
INCREASE IN CASH DURING THE YEAR	14,580	16,961
CASH AT BEGINNING OF THE YEAR	<u>59,642</u>	<u>42,681</u>
CASH AT END OF THE YEAR	<u>\$ 74,222</u>	<u>\$ 59,642</u>

The accompanying notes are an integral part of the financial statements.

CHOKECHERRY STUDIOS INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2023

1. NATURE OF OPERATIONS:

Chokecherry Studios Incorporated [the “organization”] is a youth founded non-profit offering arts-based programming and mentorship to young and emerging artists in inner-city Saskatoon on Treaty 6 Territory and the Homeland of the Métis.

The organization is incorporated as a non-profit corporation under *The Non-profit Corporations Act of Saskatchewan*.

2. SIGNIFICANT ACCOUNTING POLICIES:

These financial statements are prepared in accordance with Part III of the CPA Canada Handbook – Accounting, Accounting Standards for Not-for-Profit Organizations, which sets out generally accepted accounting principles for not-for-profit organizations in Canada and includes the significant accounting policies summarized below.

Cash and cash equivalents

Cash and cash equivalents includes balances held with Canadian financial institutions and cash on hand.

Prepaid expenses

Prepaid expenses consist of expenses paid in the current year which relate to project expenses in the upcoming year.

Capital assets

Capital assets are recorded at cost, less accumulated amortization. The organization provides for amortization using the following methods at rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates and methods are as follows:

Furniture and fixtures	20% declining balance
Computer equipment	55% declining balance

Deferred revenue

Deferred revenue consists of grant revenue received in the current year that relate to project expenses and other expenses to be incurred in the upcoming year.

Contributed services

Volunteers contribute an undefined number of hours to assist the organization in carrying out its activities. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

Income taxes

No provision has been made for income taxes as none of the activities carried on by the organization are subject to income taxes.

CHOKECHERRY STUDIOS INCORPORATED**NOTES TO THE FINANCIAL STATEMENTS****MARCH 31, 2023****2. SIGNIFICANT ACCOUNTING POLICIES - continued:****Revenue recognition**

The organization follows the deferral method of accounting for contributions, which include donations. Contributions are recognized in the accounts when received, or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured. Sponsorship, other income and rental income is recorded when received, since pledges are not legally enforceable claims. Unrestricted contributions are recognized as revenue when initially recorded in the accounts. Externally-restricted contributions are deferred when initially recorded in the accounts and recognized as revenue in the year in which the related expenses are recognized.

Use of estimates

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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

Financial instruments**Measurement of financial instruments**

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

The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations.

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

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

3. CAPITAL ASSETS:

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	
			<u>2023</u>	<u>2022</u>
Computer equipment	\$ 5,392	\$ 3,633	\$ 1,759	\$ 3,909
Furniture and fixtures	22,758	5,390	17,368	11,008
	<u>\$ 28,150</u>	<u>\$ 9,023</u>	<u>\$ 19,127</u>	<u>\$ 14,917</u>

CHOKECHERRY STUDIOS INCORPORATED**NOTES TO THE FINANCIAL STATEMENTS****MARCH 31, 2023****4. DEFERRED REVENUE:**

During the year, the organization received grants from various organizations for various projects which were still ongoing at year-end. Grants will be recognized in revenue when the related expenses are incurred.

	<u>2023</u>	<u>2022</u>
Minister of Indigenous Services - Youth Hope Fund	\$ 7,949	\$ 10,316
Sask Arts Board - Artists in Communities	-	17,000
Canadian Roots Exchange - Saskwatonminiskak project	-	1,100
	<u>\$ 7,949</u>	<u>\$ 28,416</u>

5. GRANT REVENUE:

	<u>2023</u>	<u>2022</u>
Government Grants:		
Minister of Indigenous Services - Youth Hope Fund contract for a total of \$153,989 to be used by March 31, 2023. In 2023, \$106,673 (2022 - \$47,316) was received and \$7,949 (2022 - \$10,316) was in deferred revenue.	\$ 109,040	\$ 37,000
City of Saskatoon - Community unrestricted, operating grant for a total of \$48,750 (2022 - \$0). In 2023, \$48,750 (2022 - \$0) was received. No amount was deferred as the grant is unrestricted.	48,750	-
	<u>\$ 157,790</u>	<u>\$ 37,000</u>

As of March 31, 2023, \$7,949 of the Minister of Indigenous Services - Youth Hope Fund grant had not been expended. Under the terms of the agreement, this amount would have to be paid back; however, the organization received approval to carry forward the unexpended funding to the subsequent fiscal year (see Note 4).

Other Grants:

Sask Arts Board - Artists in Communities	\$ 20,750	\$ 3,000
Canadian Roots Exchange - Saskwatonminiskak project	1,100	22,851
CMWG	-	5,000
Affinity Credit Union grant	10,000	-
Saskatchewan Housing Initiative Partnership - Warm-up location	29,700	-
	<u>\$ 61,550</u>	<u>\$ 30,851</u>

CHOKECHERRY STUDIOS INCORPORATED**NOTES TO THE FINANCIAL STATEMENTS****MARCH 31, 2023****6. FINANCIAL INSTRUMENTS:**

The organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the organization is not exposed to significant interest or credit risks arising from these financial instruments, except as follows:

Credit risk

The organization is exposed to the risk that one party to a financial instrument may cause a financial loss for the other party by failing to discharge an obligation.

Liquidity risk

The organization is exposed to the risk that it will encounter difficulty in meeting obligations associated with its financial liabilities.

7. COMPARATIVE FIGURES:

Certain prior year figures, presented for comparative purposes, have been restated to conform to the current year's presentation.

8. SUBSEQUENT EVENT:

Starting August 1, 2023, the organization entered into a 3 year lease agreement for building space maturing September 30, 2026. The first two months are a rent-free fixturing period. Beginning October 1, 2023 with minimum monthly payments of \$3,358 plus GST and \$1,033 plus GST for monthly occupancy costs.

CHOKECHERRY STUDIOS INCORPORATED**SCHEDULE OF PROGRAMMING AND PROJECT EXPENSES****FOR THE YEAR ENDED MARCH 31, 2023**

	<u>2023</u>	<u>2022</u>
WAPAHKI PROJECT:		
Advertising and promotion	\$ 654	\$ -
Contract services	2,620	3,347
Honorariums	13,750	11,201
Meals and entertainment	3,918	-
Office	3,003	2,698
Supplies	3,786	3,938
Team building	2,076	2,903
	<u>\$ 29,807</u>	<u>\$ 24,087</u>
SASKATCHEWAN ARTS BOARD - PAOP:		
Contract services	\$ 3,879	\$ -
Insurance	1,902	-
Office	3,135	-
Telephone	77	-
	<u>\$ 8,993</u>	<u>\$ -</u>
SASKWATONMINISKAK PROJECT:		
Contract services	\$ -	\$ 500
Honorariums	-	4,401
Office	-	555
Supplies	-	1,436
Team building	-	1,345
	<u>\$ -</u>	<u>\$ 8,237</u>
COVID9ZINE PROJECT:		
Honorariums	\$ -	\$ 160
Supplies	-	1,099
	<u>\$ -</u>	<u>\$ 1,259</u>
REMAI MODERN PROJECT:		
Contract services	\$ -	\$ 2,614
Office	-	245
Supplies	-	650
	<u>\$ -</u>	<u>\$ 3,509</u>
CMWG PROJECT:		
Contract services	\$ -	\$ 2,561
Honorariums	-	1,200
Office	2,630	-
Supplies	-	2,315
	<u>\$ 2,630</u>	<u>\$ 6,076</u>
MIC DROP:		
Contract services	\$ -	\$ 2,184
OUT MURAL:		
Supplies	\$ 1,175	\$ -

CHOKECHERRY STUDIOS INCORPORATED**SCHEDULE OF PROGRAMMING AND PROJECT EXPENSES****FOR THE YEAR ENDED MARCH 31, 2023**

	<u>2023</u>	<u>2022</u>
YOUTH HOPE FUND:		
Advertising and promotion	\$ 8,755	\$ 193
Contract services	521	-
Honorariums	550	-
Insurance	-	1,856
Office	1,835	-
Supplies	327	86
Team building	4,111	1,430
Travel	1,221	-
	<u>\$ 17,320</u>	<u>\$ 3,565</u>
A7G COVID CAMPAIGN:		
Contract services	<u>\$ 1,200</u>	<u>\$ -</u>
ACU PROJECT:		
Meals and entertainment	\$ 1,409	\$ -
Supplies	1,953	-
Travel	3,000	-
	<u>\$ 6,362</u>	<u>\$ -</u>
CIHR:		
Honorariums	\$ 3,050	\$ -
Meals and entertainment	389	-
Office	719	-
Supplies	355	-
	<u>\$ 4,513</u>	<u>\$ -</u>
P2E:		
Advertising and promotion	\$ 404	\$ -
Contract services	19,694	-
Honorariums	6,250	-
Office	253	-
Supplies	3,870	-
Team building	3,748	-
Travel	2,271	-
	<u>\$ 36,490</u>	<u>\$ -</u>
PHAC PROJECT:		
Contract services	\$ 40,900	\$ -
Office	648	-
Supplies	1,492	-
	<u>\$ 43,040</u>	<u>\$ -</u>
RISING YOUTH:		
Contract services	\$ 3,241	\$ -
Supplies	70	-
	<u>\$ 3,311</u>	<u>\$ -</u>

CHOKECHERRY STUDIOS INCORPORATED**SCHEDULE OF PROGRAMMING AND PROJECT EXPENSES****FOR THE YEAR ENDED MARCH 31, 2023**

	<u>2023</u>	<u>2022</u>
WARM-UP LOCATION:		
Office	\$ 1,945	\$ -
Supplies	3,842	-
Travel	2,000	-
	<u>\$ 7,787</u>	<u>\$ -</u>
YAAS:		
Contract services	<u>\$ 17,726</u>	<u>\$ 3,000</u>
 TOTAL PROGRAMMING AND PROJECT EXPENSES	 <u><u>\$ 180,354</u></u>	 <u><u>\$ 51,917</u></u>