

MIDLAND CULTURAL CENTRE INC.

Financial Statements

December 31, 2024

MIDLAND CULTURAL CENTRE INC.

Index to Financial Statements

Year Ended December 31, 2024

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Operations	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 10
Event Revenues and Expenses (<i>Schedule 1</i>)	11



LICENSED PUBLIC ACCOUNTANTS
CHARTERED PROFESSIONAL ACCOUNTANTS

Robert V. Pellegrino, CPA, CGA, Licensed Public Accountant
Philip J. Bright, CPA, CGA, Licensed Public Accountant

INDEPENDENT AUDITOR'S REPORT

To the Directors of MIDLAND CULTURAL CENTRE INC.

Qualified Opinion

We have audited the financial statements of MIDLAND CULTURAL CENTRE INC. (the organization), which comprise the statement of financial position as at December 31, 2024, 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, and other schedules and supplementary information.

In our opinion, except for the possible 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 December 31, 2024, 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 organization 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 organization. Therefore, we were not able to determine whether any adjustments might be necessary to donations and sponsorship revenue, excess of revenues over expenses, and cash flows from operations for the year ended December 31, 2024, current assets and net assets as at December 31, 2024.

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 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information on page 11 is presented for purposes of additional information and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied, only to the extent necessary to express an opinion, in the audit of financial statements taken as a whole.

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.

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Independent Auditor's Report to the To the Directors of MIDLAND CULTURAL CENTRE INC. (continued)

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's 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.

Vaughan, Ontario
July 7, 2025



KBFP LLP
Chartered Professional Accountants
Licensed Public Accountants

MIDLAND CULTURAL CENTRE INC.

Statement of Financial Position

December 31, 2024

	2024	2023
ASSETS		
CURRENT		
Cash (Note 4)	\$ 459,931	\$ 225,029
Accounts receivable	13,591	50,233
Inventory	3,355	3,507
Prepaid expenses	10,278	9,887
	487,155	288,656
CAPITAL ASSETS (Note 5)	181,670	215,999
	\$ 668,825	\$ 504,655
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 164,004	\$ 146,706
Deferred revenue (Note 6)	224,654	44,725
	388,658	191,431
LOAN PAYABLE - CEBA (Note 7)	-	40,000
DEFERRED CAPITAL CONTRIBUTIONS (Note 8)	183,255	205,584
	571,913	437,015
NET ASSETS		
Operating fund	49,776	44,082
Externally restricted	23,460	23,558
Internally restricted	23,676	-
	96,912	67,640
	\$ 668,825	\$ 504,655

APPROVED BY THE DIRECTOR

_____ Director

_____ Director

See notes to financial statements

MIDLAND CULTURAL CENTRE INC.

Statement of Operations

Year Ended December 31, 2024

	2024	2023
REVENUES		
Events (Schedule 1)	\$ 451,155	\$ 387,053
Donations	149,679	155,716
Rental income - tenants	65,231	75,866
Other income	25,837	22,308
Amortization of deferred capital contributions	22,329	22,676
Grants	17,420	63,147
Government assistance	15,308	1,987
	746,959	728,753
EXPENSES		
Wages and benefits - administration	230,467	214,367
Events (Schedule 1)	203,047	214,881
Utilities	86,955	95,332
Repairs and maintenance	48,177	40,449
Amortization	36,750	37,278
Professional fees	25,346	26,847
Janitorial fees and disposal cost	23,659	13,430
Insurance	19,191	34,422
Advertising and promotion	18,384	22,371
Gallery expenses	16,190	17,308
Office and administration	10,395	12,616
Interest and bank charges	9,181	8,267
Bad debts	5,100	-
Telephone	3,773	4,251
Equipment and AV Supplies	2,740	3,874
Dues and subscriptions	1,703	1,263
Travel	305	-
	741,363	746,956
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ 5,596	\$ (18,203)

See notes to financial statements

MIDLAND CULTURAL CENTRE INC.

Statement of Changes in Net Assets

Year Ended December 31, 2024

	Operating fund	Externally restricted	Internally restricted	2024	2023
NET ASSETS - BEGINNING OF YEAR	\$ 44,082	\$ 23,558	\$ -	\$ 67,640	\$ 85,843
ADDITION- BUILDING FUNDS	-	-	23,676	23,676	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	5,694	(98)	-	5,596	(18,203)
NET ASSETS - END OF YEAR	\$ 49,776	\$ 23,460	\$ 23,676	\$ 96,912	\$ 67,640

See notes to financial statements

MIDLAND CULTURAL CENTRE INC.

Statement of Cash Flows

Year Ended December 31, 2024

	2024	2023
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ 5,596	\$ (18,203)
Items not affecting cash:		
Amortization of capital assets	36,750	37,278
Amortization of deferred capital contributions	(22,329)	(22,676)
	20,017	(3,601)
Changes in non-cash working capital:		
Accounts receivable	36,642	2,069
Inventory	152	565
Accounts payable and accrued liabilities	17,298	4,538
Deferred revenue	179,929	(29,215)
Prepaid expenses	(391)	(792)
	233,630	(22,835)
Cash flow from (used by) operating activities	253,647	(26,436)
INVESTING ACTIVITY		
Purchase of capital assets	(2,421)	-
FINANCING ACTIVITIES		
Loan payable - CEBA	(40,000)	-
Internally restricted fund	23,676	-
Cash flow used by financing activities	(16,324)	-
INCREASE (DECREASE) IN CASH FLOW	234,902	(26,436)
Cash - beginning of year	225,029	251,465
CASH - END OF YEAR	\$ 459,931	\$ 225,029
CASH CONSISTS OF:		
Cash	\$ 459,931	\$ 225,029

See notes to financial statements

MIDLAND CULTURAL CENTRE INC.

Notes to Financial Statements

Year Ended December 31, 2024

1. DESCRIPTION OF BUSINESS

Midland Cultural Centre Inc. (MCCI) was incorporated without share capital under the Canada Not-for-profit Corporations Act on March 18, 2010. The organization received charitable status effective November 24, 2022. The organization is a registered charity under the Income Tax Act (Canada) and is exempt from income taxes. MCCI was formed to foster and promote the development of the arts and culture in Huronia and to operate a self-sustaining, inspiring and functional year-round facility for arts and culture in Huronia.

The land and building are owned by the Town of Midland and leased to MCCI at an annual cost of \$1.00. The cost for the duration of the lease has been paid in advance by the MCCI. The MCCI is responsible for the operations and management of the building.

2. BASIS OF PRESENTATION

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

3. SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

The MCCI follows the restricted fund method of accounting for contributions. Unrestricted grants and donations are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Contributions externally restricted for major repairs and replacements to the building are recognized as revenue in the Reserve Funds. Contributions externally restricted for other purposes are recorded as deferred revenue and are recognized as revenue in the Operating Fund when external conditions have been met.

Event and commission and event sponsorships revenue is recorded upon the completion of each event.

Food and beverage revenue is recorded after the services have been performed.

Rental income from tenants and facilities is recorded in the month that the income relates to.

Deferred capital contributions consist of restricted donations and grants used to purchase capital assets. The donations and grants are deferred on the statement of financial position and recognized as revenue on the same basis as the amortization of the assets.

The MCCI recognizes government assistance in the statement of operations when received or receivable unless the assistance relates to future expenses, then the MCCI defers the assistance and recognized it in the statement of operations as the related expenses are incurred.

Reserve fund

An externally restricted fund and an internally restricted fund were set up in prior years to fund major repairs and replacements of the MCCI and its mechanical systems. The externally restricted fund consisted of a donation that was restricted by the donor for this purpose. The internally restricted fund was created by the Board and funded with facility fees collected and internal transfers from the operating fund as approved by the Board of Directors. The Board approved the transfer of its internally restricted fund back to the operating fund to provide ongoing working capital to continue operations of the organization.

Operating fund

The operating fund has been set up for the daily operations of the MCCI. This fund has no restrictions on use.

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MIDLAND CULTURAL CENTRE INC.

Notes to Financial Statements

Year Ended December 31, 2024

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Donated services

MCCI is the recipient of donated time and services of volunteers. The contribution of these volunteers are not recorded because the fair market value is not readily determinable.

Inventory

Inventory is measured at the lower of cost and net realizable value with cost being determined on a first-in, first-out basis. Net realizable value is the net amount the entity is expected to realize from the sale of inventory in the ordinary course of business.

Inventories are written down to net realizable value when the cost of inventories is not estimated to be recoverable. The cost of inventories may not be recoverable if those inventories have been damaged, become obsolete, selling prices have declined or their estimated costs of completion or the estimated costs to be incurred to make the sale have increased.

The amount of any write-downs of inventories to net realizable value and all losses of inventories are recognized as an expense, and included in cost of sales, in the period the write-down or loss occurs.

When the circumstances that previously caused the inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstance, the amount of write-down is reversed in the period of change.

The amount of any reversal of write-down of inventories, arising from an increase in net realizable value, shall be recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs. The reversal is limited to the amount of the original write-down.

Capital assets and amortization

Capital assets and amortization are recorded at cost less accumulated amortization. Capital assets and amortization are amortized over their estimated useful lives on a straight-line basis at the following rates and methods:

Accessibility equipment	10 years
Computer equipment	5 years
Computer software	3 years
Furniture and fixtures	10 years
Leasehold improvements	10 years

Capital assets are tested for impairment whenever events or changes in circumstances indicate that an asset might be impaired. The assets are tested for impairment by comparing their net carrying value to their fair value or replacement cost. If the assets's fair value or replacement cost is determined to be less than its net carrying value, the resulting impairment is reported on the statement of operations. Any impairment recognized is not reversed. All capital asset additions are amortized under half year rule in the first year.

Use of estimates

Management reviews the carrying amounts of items in the financial statements at each financial position date to assess the need for revision or any possibility of impairment. Many items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action.

These estimates are reviewed periodically and adjustments are made to the statement of operations as appropriate in the year they become known.

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MIDLAND CULTURAL CENTRE INC.

Notes to Financial Statements

Year Ended December 31, 2024

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Items subject to significant management estimate include the useful lives of capital assets.

Financial instruments

Financial assets or liabilities obtained in arm's length transactions are initially measured at their fair value. All financial instruments are subsequently measured at amortized cost less impairment. The initial fair value is adjusted for financing fees and transactions costs that are directly attributable to its origination, acquisition, issuance or assumption.

A financial asset (or group of similar financial assets) measured at cost or amortized cost is tested for impairment when there are indicators of impairment. Impairment losses are recognized in the statement of operations. The amounts of any write-downs or reversals are recognized in statement of operations.

Financial instruments include cash, accounts receivables and payables.

4. CASH

	2024	2023
Cash for general operations	\$ 412,795	\$ 201,471
Cash held for externally restricted net assets	23,460	23,558
Cash held for internally restricted net assets	23,676	-
	\$ 459,931	\$ 225,029

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2024 Net book value	2023 Net book value
Accessibility equipment	\$ 119,793	\$ 58,846	\$ 60,947	\$ 72,927
Computer equipment	16,847	14,894	1,953	3,118
Computer software	6,521	6,521	-	691
Furniture and fixtures	286,352	172,149	114,203	133,700
Leasehold improvements	9,964	5,397	4,567	5,563
	\$ 439,477	\$ 257,807	\$ 181,670	\$ 215,999

6. DEFERRED REVENUE

Deferred revenue represent unspent funds restricted for specific use. The deferred revenue at year-end relate to the following:

	2024	2023
<u>Deferred Revenue</u>		
Production rentals	\$ 153,628	\$ 15,305
Gallery Grant	49,692	-
Sponsorship Revenue	13,271	12,000
MCC Presents	8,063	-
Healthy Communities grant	-	17,420
	\$ 224,654	\$ 44,725

MIDLAND CULTURAL CENTRE INC.

Notes to Financial Statements

Year Ended December 31, 2024

7. CEBA LOAN

The organization received a \$40,000 loan as the Canada Emergency Business Account (CEBA) which has been paid during the year on January 10, 2024.

8. DEFERRED CAPITAL CONTRIBUTIONS

	<u>2024</u>	<u>2023</u>
Balance, beginning of year	\$ 205,584	\$ 228,260
Amortization of deferred capital contributions	<u>(22,329)</u>	<u>(22,676)</u>
	<u>\$ 183,255</u>	<u>\$ 205,584</u>

9. FINANCIAL INSTRUMENT RISKS

The disclosures below provide information that assist the users of the financial statements in assessing the extent of risk related to the financial instruments.

Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to credit risk from customers. In order to reduce its credit risk, the organization actively manages and monitors its accounts receivables. The MCCI has a significant number of customers which minimizes concentration of credit risk. During the current year, it was determined that allowance for doubtful accounts was requested and there is a bad debt expense 2024 - \$5,100 (2023 - \$Nil). There have been no changes in risk exposure from the previous period.

Liquidity risk

Liquidity risk is the risk that the MCCI will encounter difficulty in meeting the obligations associated with its financial liabilities. The MCCI is exposed to liquidity risk with respect to its accounts payable and loan payable-CEBA. The MCCI reduces its exposure to liquidity risk by ensuring that it documents when authorized payments are due and maintaining adequate cash to meet its obligations when due.

10. COMPARATIVE FIGURES

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

MIDLAND CULTURAL CENTRE INC.**Event Revenues and Expenses****(Schedule 1)****Year Ended December 31, 2024**

	2024	2023
REVENUES		
Event and commission revenues	\$ 175,707	\$ 153,042
Rental income - facilities	136,272	111,104
Food and beverages	78,613	71,319
Event sponsorships	60,563	50,000
Expenditure recoveries	-	1,590
	451,155	387,055
EXPENSES		
Artists and performers	121,605	147,018
Wages and benefits	48,995	38,295
Food and beverages	28,498	26,273
Supplies	2,500	1,819
Contractor services	1,450	1,475
	\$ 203,048	\$ 214,880

See notes to financial statements