



Financial Statements

Neutral Ground Inc.

August 31, 2022

Contents

	Page
Independent Practitioner's Review Engagement Report	1
Statement of Financial Position	2
Statement of Operations	3 - 4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 11

Independent Practitioner's Review Engagement Report

To the directors of
[Neutral Ground Inc.](#)

We have reviewed the accompanying financial statements of Neutral Ground Inc. that comprise the statement of financial position as at August 31, 2022, and the statements of operations, changes in net assets, and cash flows 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, 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.

Practitioner's responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We 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 the financial statements do not present fairly, in all material respects, the financial position of Neutral Ground Inc. as at August 31, 2022, 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.

Regina, Canada
November 22, 2022



Chartered Professional Accountants

Neutral Ground Inc.

Statement of Financial Position

August 31

2022

2021

Assets

Current

Cash	\$ 32,138	\$ 85,594
Accounts receivable	3,251	1,432
Prepaid expenses	7,465	5,397
Goods and Service tax receivable	2,136	2,767
	<u>44,990</u>	<u>95,190</u>

Long-term

Investments (Note 3)	-	2,734
Tangible capital assets (Note 4)	3,679	8,020
	<u>3,679</u>	<u>10,754</u>

Security deposits

	<u>9,336</u>	<u>9,336</u>
	<u>\$ 58,005</u>	<u>\$ 115,280</u>

Liabilities

Current

Accounts payable and accrued liabilities	\$ 8,636	\$ 7,847
Vacation payable	1,251	3,859
Unearned revenue (Note 5)	13,500	66,500
Credit Card	565	2,795
	<u>23,952</u>	<u>81,001</u>

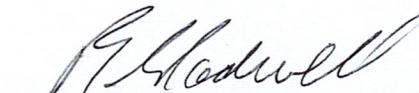
Net Assets

	<u>34,053</u>	<u>34,279</u>
	<u>\$ 58,005</u>	<u>\$ 115,280</u>

On behalf of the board


Chris

Director


R. Hedwell
Treasurer

Director

Neutral Ground Inc. Statement of Operations

Year ended August 31	2022 Budget	2022 Actual	2021 Actual
Revenues			
Grant	\$ 180,248	\$ 180,750	\$ 197,464
Memberships	1,775	1,528	1,925
Concession sales	2,600	1,409	-
Fundraising	3,000	1,049	7,292
Ticket Sales	1,000	445	-
Workshops/classes	600	382	150
Rental	100	370	109
Other Income	500	221	197
Investment Income	50	45	74
Merchandise	100	-	20
	<u>189,973</u>	<u>186,199</u>	<u>207,231</u>
Expenditures			
Administration			
Salaries and benefits	45,582	46,175	44,497
Professional fees	11,200	11,364	10,831
Amortization	4,395	4,340	4,415
Office	2,984	2,248	2,779
Telephone and utilities	2,300	2,220	2,220
Postage	500	1,788	632
Web Hosting	1,850	798	2,577
Memberships	150	750	864
Interest and bank charges	600	540	769
Board Meetings	600	404	-
WCB Expense	220	193	212
Miscellaneous	-	48	20
Professional development board - travel	2,000	4	-
Professional development staff - travel	600	-	6,445
GST expense	-	-	1,463
	<u>72,981</u>	<u>70,872</u>	<u>77,724</u>
Marketing & Communications			
Advertising	2,355	2,375	867
Printing	1,200	980	776
	<u>3,555</u>	<u>3,355</u>	<u>1,643</u>

Neutral Ground Inc. Statement of Operations (continued)

Year ended August 31	2022 Budget	2022 Actual	2021 Actual
Facility & Operating			
Rent	24,797	24,003	23,616
Operational costs	8,000	7,767	7,380
Insurance	2,300	2,641	2,472
Utilities	2,000	1,609	1,874
Repairs and maintenance	500	300	238
	37,597	36,320	35,580
Fundraising events	500	785	4,006
Artistic			
Exhibition/Program - Wages	43,321	36,177	47,748
Artist Fees	18,466	18,844	18,555
Travel	10,800	9,268	1,660
Artist Lecture or Workshop Fees	3,864	3,906	5,158
Events and reception	2,600	2,627	486
Installation Materials	2,200	3,099	3,646
Shipping - Art	4,000	1,290	2,410
Equipment rental - exhibition	720	1,065	1,354
Photo/Documentation Contract	2,000	724	355
Artist hospitality	450	631	270
Creative staff travel	600	166	308
Exhibition/Program fees - contract	-	-	2,400
Exhibition promotion	-	-	1,015
	89,021	77,797	85,365
	203,654	189,129	204,318
(Deficiency) excess of revenues over expenditures before other income	(13,681)	(2,930)	2,913
Other income			
Donations	3,250	2,622	25
Interest income	175	82	124
Parca regional development funding revenue	-	-	1,827
	3,425	2,704	1,976
(Deficiency) excess of revenues over expenditures	\$ (10,256)	\$ (226)	\$ 4,889

Neutral Ground Inc.
Statement of Changes in Net Assets

Year ended August 31

	Unrestricted Fund	Invested in Capital asset Fund	Total 2022	Total 2021
Balance, beginning of year	\$ 26,259	\$ 8,020	\$ 34,279	\$ 29,390
(Deficiency) excess of revenues over expenditures	<u>4,115</u>	<u>(4,341)</u>	<u>(226)</u>	<u>4,889</u>
Balance, end of year	<u>\$ 30,374</u>	<u>\$ 3,679</u>	<u>\$ 34,053</u>	<u>\$ 34,279</u>

Neutral Ground Inc.

Statement of Cash Flows

Year ended August 31

2022

2021

Increase (decrease) in cash

Operating

(Deficiency) excess of revenues over expenditures	\$ (226)	\$ 4,889
Item not affecting cash		
Amortization	<u>4,340</u>	<u>4,415</u>
	4,114	9,304
Change in non-cash working capital items		
Accounts receivable	(1,819)	368
Prepaid expenses	(2,068)	(3,862)
Harmonized sales tax	631	(1,474)
Accounts payable and accrued liabilities	790	(4,995)
Vacation payable	(2,608)	1,026
Unearned revenue	<u>(53,000)</u>	<u>(32,678)</u>
	<u>(53,960)</u>	<u>(32,311)</u>

Financing

Credit Card	<u>(2,230)</u>	<u>1,263</u>
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Investing

Purchase of investments	(45)	(74)
Proceeds on sale of investments	2,779	-
Purchase of tangible capital assets	<u>-</u>	<u>(525)</u>
	<u>2,734</u>	<u>(599)</u>

Decrease in cash (53,456) (31,647)

Cash

Beginning of year	<u>85,594</u>	<u>117,241</u>
End of year	<u>\$ 32,138</u>	<u>\$ 85,594</u>

Neutral Ground Inc.

Notes to the Financial Statements

August 31, 2022

1. Nature of operations

Neutral Ground Inc. (the "Organization") is an artist-run centre that presents contemporary visual and media art. Located on Treaty 4 Territory in Regina, Saskatchewan. The Organization connects audiences to the work of emerging and mid-career artists, primarily from Saskatchewan and Canada.

The organization is a not-for-profit organization incorporated provincially in Saskatchewan under The Non-profit Corporations Act, 1995. As such, the organization is exempt from the payment of income tax under Section 149 (1) of the Income Tax Act.

2. Significant accounting policies

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

Tangible capital assets

Tangible capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives at the following rates and methods:

The amortization rates used for each class of property, plant and equipment are:

Furniture and fixtures	20% Declining balance
Computer equipment	30% Declining balance
Computer software	100% Declining balance

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Amortization of leasehold improvements is recorded over the remaining term of the lease plus the first renewal option.

When conditions indicate that a tangible capital asset no longer contributes to the Organization's ability to provide goods and services, or that the value of the future economic benefits associated with the tangible capital asset is less than its net book value, the cost of the tangible asset is reduced to reflect the decline in the asset's value.

Neutral Ground Inc.

Notes to the Financial Statements

August 31, 2022

2. Significant accounting policies (continued)

Revenue recognition

Neutral Ground follows the deferral method of accounting for contributions.

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.

Unrestricted investment income is recognized as revenue when earned

All other incidental revenue is recognized as revenue when the revenue is received or when the receipt is reasonably assured.

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

Grant funding received specified to cover future expenses are deferred until there period in which they comply with all necessary conditions.

Financial instruments

The Organization considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The Organization accounts for the following as financial instruments:

- cash
- accounts receivables
- accounts payable and accrued liabilities

A financial asset or liability is recognized when the Organization becomes party to contractual provisions of the instrument.

Financial assets or liabilities obtained in arm's length transactions are initially measured at their fair value. In the case of a financial asset or liability not being subsequently measured at fair value, the initial fair value will be adjusted for financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption.

Contributed services

The operations of the organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

Neutral Ground Inc.

Notes to the Financial Statements

August 31, 2022

2. Significant accounting policies (continued)

Measurement uncertainty

Management reviews the carrying amounts of items in the financial statement at each balance sheet date to assess the need for revisions. Many items in these financial statements require management's best estimate based on assumptions that reflect the most probable set of economic conditions and planned course of action.

These estimates are reviewed periodically and adjustments are made to net income, as appropriate, in the year they become known.

Significant items subject to management's estimates include estimated useful life of assets.

3. Investments

	<u>2022</u>	<u>2021</u>
Scotia Bank five year special rate guaranteed investment certificate with and interest rate at 2.2% compounding annually matured on August 26, 2022.	<u>\$ -</u>	<u>\$ 2,734</u>

4. Tangible capital assets

			<u>2022</u>	<u>2021</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Furniture and fixtures	\$ 47,543	\$ 46,029	\$ 1,514	\$ 1,919
Leasehold improvements	19,212	17,171	2,041	5,883
Computer equipment	86,080	85,956	124	218
Computer software	<u>7,328</u>	<u>7,328</u>	<u>-</u>	<u>-</u>
	<u>\$ 160,163</u>	<u>\$ 156,484</u>	<u>\$ 3,679</u>	<u>\$ 8,020</u>

Neutral Ground Inc.

Notes to the Financial Statements

August 31, 2022

5. Unearned revenue

	<u>2022</u>	<u>2021</u>
Saskatchewan Arts Board	\$ -	\$ 33,822
Canada Council of Arts	13,500	23,700
City of Regina - (Swamp Fest Grant)	<u>-</u>	<u>8,978</u>
	<u>\$ 13,500</u>	<u>\$ 66,500</u>

	<u>Balance, beginning of year</u>	<u>Received</u>	<u>Recognized</u>	<u>Balance, end of year</u>
	<u>\$ 66,500</u>	<u>\$ 13,500</u>	<u>\$ (66,500)</u>	<u>\$ 13,500</u>

6. Financial instruments

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's risk exposures and concentrations at August 31, 2022.

Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting the obligations associated with its financial liabilities. The Organization is exposed to this risk mainly in respect of its receipt of funds from its funders and accounts payable.

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant other price risks arising from these financial instruments.

7. Economic dependence

The organization relies on funding from all levels of government. The government funding makes up nearly the entire gross revenue of the organization. Should there be a decision by any of these government funding agencies to substantially change its dealings with the organization, continued viable operations would be difficult.

During the year the organization received \$180,750 (2021 - \$197,127) in government funding, 96% (2021 - 94%) of total revenue.

Neutral Ground Inc.

Notes to the Financial Statements

August 31, 2022

8. Operating lease commitments

The organization has a long term lease with respect to its premises. The lease contains renewal options and requires the payment of operational costs calculated annually. As of the date of the lease signing, it is estimated the operational costs will be approximately \$5.00 per square foot per year. Future minimum lease payments as at August 31, 2022, are as follows:

2023	\$ <u>13,776</u>
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9. Comparative figures

Comparative figures have been adjusted to conform to changes in the current year presentation.
