



Financial Statements

Neutral Ground Inc.

August 31, 2023

## Contents

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

# Independent Practitioner's Review Engagement Report

To the Members 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, 2023, 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, 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.

Regina, Canada  
December 20, 2023



Chartered Professional Accountants

## Neutral Ground Inc. Statement of Operations

Year ended August 31	2023 Budget	2023 Actual	2022 Actual
<b>Revenues</b>			
Grant	\$ 189,305	\$ 236,553	\$ 180,750
Concession sales	2,100	3,024	1,409
Memberships	1,800	1,226	1,528
Fundraising	1,000	439	1,049
Ticket Sales	800	340	445
Workshops/classes	250	320	382
Rental	300	285	370
Merchandise	1,200	195	-
Other Income	-	75	222
	<u>196,755</u>	<u>242,457</u>	<u>186,155</u>
<b>Expenditures</b>			
Administration			
Salaries and benefits	47,161	37,171	46,175
Professional fees	11,450	12,696	11,364
Amortization	2,419	2,419	4,340
Telephone	2,300	2,115	2,220
Office	2,200	1,720	2,250
Web hosting	425	1,149	798
Memberships	585	547	750
Postage	500	540	1,788
Interest and bank charges	500	385	540
WCB expense	200	246	193
Professional Development Board - travel	600	217	4
Board meetings	400	213	404
Miscellaneous	-	-	48
	<u>68,740</u>	<u>59,418</u>	<u>70,874</u>
Marketing and communications			
Advertising	3,300	4,258	2,375
Printing	1,000	652	980
	<u>4,300</u>	<u>4,910</u>	<u>3,355</u>

## Neutral Ground Inc. Statement of Operations (continued)

Year ended August 31	2023 Budget	2023 Actual	2022 Actual
Facility and operating			
Rent	24,797	24,003	24,003
Operational costs	7,750	10,840	7,767
Insurance	2,300	3,009	2,641
Utilities	1,775	2,494	1,609
Repairs and maintenance	1,350	1,535	300
Automotive	150	281	-
	<b>38,122</b>	42,162	36,320
Fundraising events	<b>250</b>	6	783
Artistic			
Exhibition/program wages	40,624	48,970	36,178
Artist fees	19,720	23,366	18,844
Travel	8,500	12,194	9,268
Artist lecture or workshop fees	3,850	7,028	3,906
Events and reception	3,500	4,621	2,627
Installation materials	3,750	3,192	3,099
Shipping - art	4,000	1,309	1,290
Photo/documentation contract	1,464	780	724
Artist hospitality	710	223	631
Equipment rental - exhibition	1,000	70	1,065
Creative staff travel	600	-	166
	<b>87,718</b>	101,753	77,798
	<b>199,130</b>	208,249	189,130
(Deficiency) Excess of revenues over expenditures before other income	<b>(2,375)</b>	34,208	(2,975)
Other income			
Interest income	200	601	127
Donations	1,050	520	2,622
	<b>1,250</b>	1,121	2,749
(Deficiency) excess of revenues over expenditures	<b>\$ (1,125)</b>	<b>\$ 35,329</b>	<b>\$ (226)</b>

---

**Neutral Ground Inc.**  
**Statement of Changes in Net Assets**

Year ended August 31

---

	Unrestricted Fund	Invested in Tangible Capital Assets	Total 2023	Total 2022
Balance, beginning of year	\$ 30,374	\$ 3,679	\$ 34,053	\$ 34,279
Excess (deficiency) of revenues over expenditures	<u>37,748</u>	<u>(2,419)</u>	<u>35,329</u>	<u>(226)</u>
Balance, end of year	<u>\$ 68,122</u>	<u>\$ 1,260</u>	<u>\$ 69,382</u>	<u>\$ 34,053</u>

---

---

**Neutral Ground Inc.**  
**Statement of Financial Position**

August 31

**2023****2022**

---

**Assets**

## Current

Cash (Note 3)	\$ 41,700	\$ 32,138
Accounts receivable (Note 4)	27,001	3,251
Prepaid expenses	2,550	7,465
Goods and services tax receivable	<u>1,503</u>	<u>2,136</u>
	<b>72,754</b>	44,990

## Long-term

Tangible capital assets (Note 5)	1,260	3,679
Security deposits	<u>9,336</u>	<u>9,336</u>
	<b>\$ 83,350</b>	<b>\$ 58,005</b>

---

**Liabilities**

## Current

Accounts payable and accrued liabilities	\$ 11,267	\$ 8,636
Vacation payable	2,239	1,251
Deferred revenue (Note 6)	-	13,500
Credit card payable	<u>462</u>	<u>565</u>
	<b>13,968</b>	<b>23,952</b>

**Fund balances**

Unrestricted fund	68,122	30,374
Invested in tangible capital assets	<u>1,260</u>	<u>3,679</u>
	<b>69,382</b>	<b>34,053</b>
	<b>\$ 83,350</b>	<b>\$ 58,005</b>

---

On behalf of the Board



Director



Director

# Neutral Ground Inc.

## Statement of Cash Flows

Year ended August 31

2023

2022

Increase (decrease) in cash

### Operating

Excess (deficiency) of revenues over expenditures	\$ 35,329	\$ (226)
Item not affecting cash		
Amortization	<u>2,419</u>	<u>4,340</u>
	<b>37,748</b>	<b>4,114</b>
Change in non-cash working capital items		
Accounts receivable	(23,750)	(1,819)
Prepaid expenses	4,915	(2,068)
Goods and services tax	633	631
Accounts payable and accrued liabilities	2,631	791
Vacation payable	988	(2,608)
Deferred revenue	<u>(13,500)</u>	<u>(53,000)</u>
	<b>9,665</b>	<b>(53,959)</b>

### Financing

Credit card payable	<u>(103)</u>	<u>(2,230)</u>
---------------------	--------------	----------------

### Investing

Purchase of investments	-	(45)
Proceeds on sale of investments	<u>-</u>	<u>2,778</u>
	<u>-</u>	<u>2,733</u>

Increase (decrease) in cash

**9,562** (53,456)

Cash

Beginning of year	<u>32,138</u>	<u>85,594</u>
End of year	<u>\$ 41,700</u>	<u>\$ 32,138</u>



---

# Neutral Ground Inc.

## Notes to the Financial Statements

August 31, 2023

---

### 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, 2022. 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.

#### Cash and cash equivalents

Cash equivalents consist of short-term investments with an initial maturity of three months or less.

#### 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, 2023

---

### 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, 2023

---

### 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. Cash

	<u>2023</u>	<u>2022</u>
BMO - Savings account	\$ 31,573	\$ -
BMO - Chequing account	10,127	31,849
Paypal account	-	289
	<u>\$ 41,700</u>	<u>\$ 32,138</u>

---

### 4. Accounts receivable

	<u>2023</u>	<u>2022</u>
Grant receivable	\$ 27,001	\$ -
Trade accounts receivable	-	3,251
	<u>\$ 27,001</u>	<u>\$ 3,251</u>

---

### 5. Tangible capital assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2023 Net Book Value</u>	<u>2022 Net Book Value</u>
Furniture and fixtures	\$ 47,543	\$ 46,374	\$ 1,169	\$ 1,514
Leasehold improvements	19,212	19,152	60	2,041
Computer equipment	86,080	86,049	31	124
Computer software	7,328	7,328	-	-
	<u>\$ 160,163</u>	<u>\$ 158,903</u>	<u>\$ 1,260</u>	<u>\$ 3,679</u>

---

---

# Neutral Ground Inc.

## Notes to the Financial Statements

August 31, 2023

---

### 6. Deferred revenue

	<u>2023</u>	<u>2022</u>
Canada Council of the Arts		
Balance, beginning of the year	\$ 13,500	\$ -
Amounts received in the current year	-	13,500
Amount recognized as revenue in the current year	<u>(13,500)</u>	<u>-</u>
Balance, end of year	<u>\$ -</u>	<u>\$ 13,500</u>

---

### 7. 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, 2023.

(a) 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 its grants receivable.

(b) 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.

---

### 8. 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 \$236,553 (2022 - \$180,750) in government funding, which comprises 97% (2022 - 96%) of total revenue.

---

---

# Neutral Ground Inc.

## Notes to the Financial Statements

August 31, 2023

---

### 9. 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. Future minimum lease payments as at August 31,2023, are as follows:

2024	\$ 38,366
2025	38,366
2026	38,366
2027	38,366
2028	<u>22,380</u>
	<u>\$ 175,844</u>

---