

**NEUTRAL GROUND INC.**  
**FINANCIAL STATEMENTS**  
Unaudited  
**AUGUST 31, 2025**

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## INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of  
Neutral Ground Inc.

I have reviewed the accompanying financial statements of Neutral Ground Inc. that comprise the statement of financial position as at August 31, 2025, and the statement 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**

My responsibility is to express a conclusion on the accompanying financial statements based on my review. I conducted my review in accordance with Canadian generally accepted standards for review engagements, which require me 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, I do not express an audit opinion on these financial statements.


### **Conclusion**

Based on my review, nothing has come to my attention that causes me 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, 2025, 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.

### **Other Matter**

The financial statements for the year ended August 31, 2024 were reviewed by another practitioner who expressed an unmodified conclusion in their report dated December 13, 2024. The predecessor's report did not include any qualifications.

Regina, Saskatchewan  
November 18, 2025

  
Marcia Herback  
CPA, CA

**NEUTRAL GROUND INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT AUGUST 31, 2025**  
**(with comparative figures for 2024)**  
**(Unaudited)**

	2025	2024
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 49,935	\$ 36,267
Accounts receivable	-	250
Goods and services tax receivable	3,415	2,782
Prepaid expenses	<u>10,827</u>	<u>12,033</u>
	64,177	51,332
<b>Tangible capital assets (Note 3)</b>	20,065	25,929
<b>Deposits (Note 4)</b>	<u>7,368</u>	<u>9,336</u>
	<u>\$ 91,610</u>	<u>\$ 86,597</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 6,688	\$ 16,112
Deferred revenue (Note 5)	<u>27,700</u>	<u>-</u>
	<u>34,388</u>	<u>16,112</u>
<b>FUND BALANCES</b>		
Invested in tangible capital assets	20,065	25,929
Unrestricted fund	<u>37,157</u>	<u>44,556</u>
	<u>57,222</u>	<u>70,485</u>
	<u>\$ 91,610</u>	<u>\$ 86,597</u>

See accompanying notes

Approved on Behalf of the Board

\_\_\_\_\_ Director

\_\_\_\_\_ Director

**NEUTRAL GROUND INC.**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED AUGUST 31, 2025**  
**(with comparative figures for 2024)**  
**(Unaudited)**

	2025	2024
<b>Revenue</b>		
Grants (Schedule 1)	\$ 177,930	\$ 180,361
Memberships	1,633	1,644
Fundraising	1,138	701
Rental	703	315
Interest	696	986
Concession sales	511	526
Other income	500	-
Workshops/classes	185	-
Donations	-	500
Ticket sales	-	490
	<u>183,296</u>	<u>185,523</u>
<b>Expenses</b>		
Administration (Schedule 2)	60,328	56,760
Artistic (Schedule 3)	90,448	79,493
Facility and operating (Schedule 4)	43,979	46,763
Fundraising events	50	-
Marketing and communications (Schedule 5)	1,754	1,404
	<u>196,559</u>	<u>184,420</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>\$ (13,263)</u>	<u>\$ 1,103</u>

**See accompanying notes**

**NEUTRAL GROUND INC.**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED AUGUST 31, 2025**  
**(with comparative figures for 2024)**

	Invested in Tangible Capital Assets	Unrestricted Fund	<u>2025</u>	<u>2024</u>
Balance, beginning of year	\$ 25,929	44,556	\$ 70,485	\$ 69,382
Excess (deficiency) of revenues over expenditures	<u>(5,864)</u>	<u>(7,399)</u>	<u>(13,263)</u>	<u>1,103</u>
Balance, end of year	<u>\$ 20,065</u>	<u>37,157</u>	<u>\$ 57,222</u>	<u>\$ 70,485</u>

See accompanying notes

**NEUTRAL GROUND INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED AUGUST 31, 2025**  
**(with comparative figures for 2024)**  
**(Unaudited)**

	2025	2024
<b>Operating activities</b>		
Excess (deficiency) of revenues over expenditures	\$ (13,263)	\$ 1,103
Items not involving an outlay of cash		
Amortization	<u>5,864</u>	<u>7,753</u>
	(7,399)	8,856
Net change in non-cash working capital balances:		
Accounts receivable	250	26,751
Goods and services tax receivable	(633)	(1,279)
Prepaid expenses	1,206	(9,483)
Accounts payable and accrued liabilities	(9,424)	2,144
Deferred revenue	<u>27,700</u>	<u>-</u>
Cash provided by operating activities	<u>11,700</u>	<u>26,989</u>
<b>Investing activities</b>		
Change in deposits	1,968	-
Purchase of tangible capital assets	<u>-</u>	<u>(32,422)</u>
Cash provided by (used in) investing activities	<u>1,968</u>	<u>(32,422)</u>
<b>Increase (decrease) in cash</b>	13,668	(5,433)
<b>Cash position, beginning of year</b>	<u>36,267</u>	<u>41,700</u>
<b>Cash position, end of year</b>	<u>\$ 49,935</u>	<u>\$ 36,267</u>

**See accompanying notes**

**NEUTRAL GROUND INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AUGUST 31, 2025**  
**(Unaudited)**

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**1. Status and nature of activities**

Neutral Ground Inc. 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.

Neutral Ground Inc. is incorporated under the Non-Profit Corporations Act of Saskatchewan. Under present legislation, no income taxes are payable on the reported income of such operations.

**2. Summary of significant accounting policies**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Cash and cash equivalents

Cash includes cash and cash equivalents. Cash and cash equivalents consist primarily of commercial paper and deposits with an original maturity date of purchase of three months or less. Because of the short-term nature maturity of these investments, their carrying amount approximate fair value.

Tangible capital assets

Tangible capital assets are recorded at cost. Amortization is provided for on the diminishing balance method at rates which are estimated to amortize the costs over the useful lives of the assets as follows:

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

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.

Fund accounting

The Organization uses fund accounting and includes the following funds:

Unrestricted fund - to provide for the Organization's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

Invested in tangible capital assets - to provide for transactions related to the Organization's tangible capital assets and related debt.

Revenue Recognition

Neutral Ground Inc. 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 they are received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

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**NEUTRAL GROUND INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AUGUST 31, 2025**  
**(Unaudited)**

**2. Summary of significant accounting policies continued**

Revenue Recognition (continued)

Restricted contributions for the purchase of tangible capital assets that will be amortized and deferred and recognized as revenue on the same basis as the amortization expenses related to the acquired tangible capital asset.

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 reasonable assured.

Rental income is recognized in the month the income is earned. Program income is recognized when the program is completed.

Financial instruments

The Neutral Ground Inc. initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets subsequently measured at amortized cost include cash and cash equivalents, accounts receivable and deposits. Financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities.

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 reasonable determined and are therefore not reflected in these financial statements.

Management estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles 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 date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

**3. Tangible capital assets**

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2025 Net Book Value</u>	<u>2024 Net Book Value</u>
Computer equipment	\$ 95,735	90,989	\$ 4,746	\$ 6,780
Computer software	7,328	7,328	-	-
Furniture and fixtures	70,310	54,991	15,319	19,149
Leasehold improvements	19,212	19,212	-	-
	<u>\$ 192,585</u>	<u>172,520</u>	<u>\$ 20,065</u>	<u>\$ 25,929</u>

**NEUTRAL GROUND INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AUGUST 31, 2025**  
**(Unaudited)**

**4. Deposits**

	<u>2025</u>	<u>2024</u>
SaskCulture - payroll	\$ 5,400	\$ 5,400
R & A Rentals Ltd. - rent	<u>1,968</u>	<u>3,936</u>
	<u>\$ 7,368</u>	<u>\$ 9,336</u>

**5. Deferred revenue**

	<u>2025</u>	<u>2024</u>
Canada Council for the Arts	\$ 23,700	\$ -
City of Regina	<u>4,000</u>	<u>-</u>
	<u>\$ 27,700</u>	<u>\$ -</u>

**6. Economic dependence**

The Organization relies on significant funding from all levels of government. As a result, the Organization is dependent upon the continuance of these grants to maintain operations at their current level.

**7. Operating lease commitment**

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 leases payments, not including GST, as at August 31, 2025, are as follows:

2026	\$ 38,376
2027	38,376
2028	22,386

**8. Financial instruments**

The Neutral Ground Inc. is exposed to various risks through its financial instruments. The following analysis provides a measure of Neutral Ground Inc.'s exposure and concentrations at August 31, 2025:

Credit risk

Credit risk arises from the potential that a party may default on its financial obligations, or if there is a concentration of financial obligations which have similar economic characteristics that could be similarly affected by changes in economic conditions, such that Neutral Ground Inc. could incur a financial loss. Neutral Ground Inc. is exposed to credit risk with respect to cash and accounts receivable. Neutral Ground Inc. manages its credit risk by placing cash with a financial institution. Credit risk for accounts receivable is managed by creating an allowance for doubtful accounts where applicable. There has been no change to the credit risk exposure from 2024.

Liquidity risk

Liquidity risk is the risk that Neutral Ground Inc. may not be able to meet a demand for cash or fund its obligations as they come due or not being able to liquidate assets in a timely manner at a reasonable price. Neutral Ground Inc. is exposed to liquidity risk with respect to its accounts payable and accrued liabilities. Neutral Ground Inc. manages its liquidity requirements by monitoring cash flow forecasts. There has been no change to the liquidity risk exposure from 2024.

**9. Comparative figures**

Certain comparative figures have been reclassified to conform with the current year's financial statement presentation and were reported on by another accountant.

**NEUTRAL GROUND INC.**  
**SCHEDULES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2025**  
**(with comparative figures for 2024)**  
**(Unaudited)**

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	<b>2025</b>	<b>2024</b>
		<b>Schedule 1</b>
<b>Grants</b>		
Saskatchewan Arts Board	\$ 92,250	\$ 92,250
Canada Council for the Arts	67,500	67,500
City of Regina Annual Activity Grant	15,000	15,000
City of Regina Winter Initiatives Grant	3,180	2,500
South Saskatchewan Community Foundation	-	3,111
	<u>\$ 177,930</u>	<u>\$ 180,361</u>

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**NEUTRAL GROUND INC.**  
**SCHEDULES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2025**  
(with comparative figures for 2024)  
**(Unaudited)**

	2025	2024
<b>Administration</b>		
		<b>Schedule 2</b>
Amortization	\$ 5,864	\$ 7,753
Board meetings	28	67
Interest and bank charges	400	471
Memberships	463	825
Office	2,940	4,013
Postage	921	780
Professional development board	37	1,573
Professional fees	10,740	13,684
Salaries and benefits	35,701	23,456
Telephone	1,949	1,964
WCB expense	468	422
Web hosting	817	1,752
	<u>\$ 60,328</u>	<u>\$ 56,760</u>
<b>Artistic</b>		
		<b>Schedule 3</b>
Artist fees	\$ 12,230	\$ 10,514
Artist hospitality	121	307
Artist lecture or workshop fees	5,515	4,736
Creative staff travel	1,244	166
Equipment rental - exhibition	240	242
Events and reception	1,746	1,894
Exhibition/program professional fees	980	-
Exhibition/program wages	56,201	53,152
Installation materials	2,774	1,197
Photo/documentation contract	269	420
Shipping - art	951	1,860
Travel	8,177	5,005
	<u>\$ 90,448</u>	<u>\$ 79,493</u>
<b>Facility and operating</b>		
		<b>Schedule 4</b>
Insurance	\$ 3,902	\$ 3,701
Operational costs	14,390	15,119
Rent	24,241	24,206
Repairs and maintenance	12	616
Utilities	1,434	3,121
	<u>\$ 43,979</u>	<u>\$ 46,763</u>
<b>Marketing and communications</b>		
		<b>Schedule 5</b>
Advertising	\$ 1,360	\$ 920
Printing	394	484
	<u>\$ 1,754</u>	<u>\$ 1,404</u>