

**COMMUNITY MUSIC SCHOOLS OF TORONTO**  
*(Formerly Regent Park School of Music)*  
**Financial Statements**  
**June 30, 2022**

**COMMUNITY MUSIC SCHOOLS OF TORONTO**  
*(Formerly Regent Park School of Music)*  
**Index to Financial Statements**  
**Year Ended June 30, 2022**

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Community Music Schools of Toronto (formerly Regent Park School of Music)

### *Opinion*

We have audited the financial statements of Community Music Schools of Toronto (the "Organization"), which comprise the statement of financial position as at June 30, 2022, and the statements of operations and 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at June 30, 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.

### *Basis for Opinion*

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 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'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.

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Independent Auditor's Report to the Members of Community Music Schools of Toronto (formerly Regent Park School of Music) *(continued)*

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 this financial information.

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.

*Hogg, Shain & Scheck PC*

Toronto, Ontario  
December 7, 2022

Authorized to practise public accounting by the  
Chartered Professional Accountants of Ontario

**COMMUNITY MUSIC SCHOOLS OF TORONTO**  
*(Formerly Regent Park School of Music)*  
**Statement of Financial Position**  
**As at June 30, 2022**

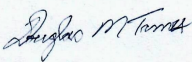
	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 73,494	\$ 403,773
Accounts receivable	675	-
Government assistance receivable <i>(Note 11)</i>	218,604	65,048
Harmonized Sales Tax recoverable	19,763	16,064
Prepaid expenses and deposits	40,980	18,102
	<b>353,516</b>	<b>502,987</b>
<b>CAPITAL ASSETS</b> <i>(Note 4)</i>	49,471	22,591
	<b>\$ 402,987</b>	<b>\$ 525,578</b>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities <i>(Note 5)</i>	\$ 111,992	\$ 78,593
Deferred revenues <i>(Note 6)</i>	77,000	15,000
Due to Community Music Schools of Toronto Foundation <i>(Note 8)</i>	58,508	277,559
	<b>247,500</b>	<b>371,152</b>
<b>NET ASSETS</b>		
<b>INVESTED IN CAPITAL ASSETS</b>	49,471	22,591
<b>UNRESTRICTED</b>	106,016	131,835
	<b>155,487</b>	<b>154,426</b>
	<b>\$ 402,987</b>	<b>\$ 525,578</b>

**COMMITMENT** *(Note 9)*

**APPROVED ON BEHALF OF THE BOARD**



Director



Director

*See the accompanying notes to these financial statements*

**COMMUNITY MUSIC SCHOOLS OF TORONTO**  
*(Formerly Regent Park School of Music)*  
**Statement of Operations and Changes in Net Assets**  
**Year Ended June 30, 2022**

	2022	2021
<b>REVENUES</b>		
Contributions from Community Music Schools of Toronto Foundation <i>(Note 8)</i>	\$ 1,331,148	\$ 165,938
Government assistance:		
Hardest-Hit Business Recovery Program <i>(Note 11)</i>	266,098	-
Canada Emergency Wage Subsidy <i>(Note 11)</i>	113,193	804,896
Canada Emergency Rent Subsidy <i>(Note 11)</i>	6,842	39,709
Government grants <i>(Note 10)</i>	93,639	291,873
Donations and other	909	252
Amortization of deferred contributions for capital asset purchases <i>(Note 7)</i>	-	846
Tuition fees and performances	-	100
	<b>1,811,829</b>	<b>1,303,614</b>
<b>EXPENSES</b>		
Teacher and program administration salaries and benefits	1,651,257	1,202,327
Occupancy, utilities and equipment <i>(Note 9)</i>	83,383	75,773
Instrument, exam, recital and related program delivery	63,823	18,352
Amortization of capital assets	12,305	5,764
	<b>1,810,768</b>	<b>1,302,216</b>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<b>1,061</b>	<b>1,398</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>154,426</b>	<b>153,028</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 155,487</b>	<b>\$ 154,426</b>

*See the accompanying notes to these financial statements*

**COMMUNITY MUSIC SCHOOLS OF TORONTO***(Formerly Regent Park School of Music)***Statement of Cash Flows****Year Ended June 30, 2022**

	<b>2022</b>	<b>2021</b>
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenses	\$ 1,061	\$ 1,398
Add (deduct) items not affecting cash:		
Amortization of capital assets	12,305	5,764
Amortization of deferred contributions for capital asset purchases	-	(846)
	<u>13,366</u>	<u>6,316</u>
Changes in non-cash working capital:		
Accounts receivable	(675)	-
Government assistance receivable	(153,556)	(65,048)
Harmonized Sales Tax recoverable	(3,699)	8,842
Prepaid expenses and deposits	(22,878)	79
Accounts payable and accrued liabilities	33,399	(29,296)
Deferred revenues	62,000	(45,231)
Due from (to) Community Music Schools of Toronto Foundation	(219,051)	328,261
	<u>(304,460)</u>	<u>197,607</u>
Cash flows from (used by) operating activities	<u>(291,094)</u>	<u>203,923</u>
<b>INVESTING ACTIVITY</b>		
Purchase of capital assets	<u>(39,185)</u>	<u>(17,166)</u>
<b>INCREASE (DECREASE) IN CASH</b>	<b>(330,279)</b>	<b>186,757</b>
<b>CASH - BEGINNING OF YEAR</b>	<u><b>403,773</b></u>	<u><b>217,016</b></u>
<b>CASH - END OF YEAR</b>	<u><b>\$ 73,494</b></u>	<u><b>\$ 403,773</b></u>

*See the accompanying notes to these financial statements*

**COMMUNITY MUSIC SCHOOLS OF TORONTO**  
**(Formerly Regent Park School of Music)**

**Notes to Financial Statements**  
**Year Ended June 30, 2022**

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**1. ORGANIZATION AND OPERATIONS**

Community Music Schools of Toronto (the “Organization”) is a not-for-profit organization incorporated without share capital on March 19, 1999 under the Canada Corporations Act. The Organization was continued under the Canada Not-for-Profit Corporations Act in October 2014. In fiscal 2022, the Organization changed its name to Community Music Schools of Toronto.

The objectives of the Organization is to help Toronto youth, facing financial and other barriers, to thrive through high quality music education.

The Organization a registered charity under the Income Tax Act (Canada) and, as such, is exempt from income taxes, provided certain disbursement and other requirements are met.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of presentation

These financial statements are the representation of management and have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook.

Revenue recognition

The Organization follows the deferral method of accounting for contributions.

Unrestricted contributions are recognized as revenues in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions explicitly and implicitly restricted by the donor, including government grants, are deferred when received and recognized as revenues in the year in which the related activity takes place and expenses are incurred.

Donated materials and services not normally purchased by the Organization are not recorded in the accounts.

Government assistance subsidies, including the Canada Emergency Wage Subsidy, the Hardest-Hit Business Recovery Program and the Canadian Emergency Rent Subsidy in response to COVID-19 (*see Note 11*), are recognized on an accrual basis in the year the related eligible expenses have been incurred and eligibility criteria is met.

Financial instruments

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

The financial assets subsequently measured at amortized cost include cash, accounts receivable and due to Community Music Schools of Toronto Foundation. The financial liability subsequently measured at amortized cost includes accounts payable.

Impairment of financial instruments

Financial assets, measured at cost or amortized cost are tested for impairment if there are indications of possible impairment. A previously recognized impairment loss may be reversed to the extent of the improvement, either 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 loss not been recognized previously. The amount of any write down or reversal is recognized in excess of revenues over expenses.

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**COMMUNITY MUSIC SCHOOLS OF TORONTO**

*(Formerly Regent Park School of Music)*

**Notes to Financial Statements**

**Year Ended June 30, 2022**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)***

Capital assets

Purchased capital assets are recorded at cost. Amortization is provided annually at rates determined to charge the cost of the assets to operations over their estimated useful lives as follows:

Computer equipment	30%	declining balance method
Musical instruments	30%	declining balance method
Furniture and equipment	20%	declining balance method

Amortization in the year of addition and disposition is provided at one-half of the normal annual rates.

Impairment of long-lived assets

Long-lived assets, comprising of capital assets subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment is assessed by comparing the carrying amount of an asset to be held and used with the total of the undiscounted cash flows expected from its use and disposition. If the asset is impaired, the impairment loss to be recognized is measured as the amount by which the carrying amount of the asset exceeds its fair value, generally determined on a discounted cash flow basis. Any impairment results in a write-down of the asset and a charge to excess of revenues over expenses for the year. An impairment loss is not reversed if the fair value of the related long-lived asset subsequently increases.

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, at the date of the financial statements and the reported amounts of revenues and expenses during the year. Such estimates include determining the useful lives of capital assets, year-end accrued liabilities, and eligibility for government assistance subsidies. Actual results could differ from these estimates.

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**3. FINANCIAL INSTRUMENTS**

It is management's opinion that the Organization is not exposed to significant market, credit or liquidity risks arising from its financial instruments.

Cash consists of cash on hand and deposits in accounts held with a major Canadian financial institution. Cash balances and government assistance receivable collected subsequent to year-end, are sufficient to meet accounts payable and other financial liabilities as they come due.

Accounts receivable are regularly monitored to minimize and mitigate the credit risk of uncollected amounts.

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**COMMUNITY MUSIC SCHOOLS OF TORONTO**  
*(Formerly Regent Park School of Music)*

**Notes to Financial Statements**  
**Year Ended June 30, 2022**

**4. CAPITAL ASSETS**

	Cost	Accumulated amortization	<b>2022</b> Net book value	2021 Net book value
Computer equipment	\$ 61,671	\$ 23,654	\$ <b>38,017</b>	\$ 14,001
Musical instruments	144,134	136,107	<b>8,027</b>	5,710
Furniture and equipment	5,087	1,660	<b>3,427</b>	2,880
	<u>\$ 210,892</u>	<u>\$ 161,421</u>	<u>\$ <b>49,471</b></u>	<u>\$ 22,591</u>

**5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities at June 30, 2022 includes \$6,324 (2021 - \$9,629) in government remittances payable.

**6. DEFERRED REVENUES**

At June 30, deferred revenues consists of the following:

	<u>2022</u>	<u>2021</u>
Canada Council for the Arts - project grant	\$ <b>47,000</b>	\$ -
Toronto Arts Council - operating grant	<b>30,000</b>	15,000
	<u>\$ <b>77,000</b></u>	<u>\$ 15,000</u>

The continuity of deferred revenues is as follows:

	<u>2022</u>	<u>2021</u>
Balance - beginning of year	\$ <b>15,000</b>	\$ 60,231
Add: amounts received during the year	<b>155,639</b>	246,642
Less: amounts recognized as revenues during the year	<b>(93,639)</b>	(291,873)
	<u>\$ <b>77,000</b></u>	<u>\$ 15,000</u>

**7. DEFERRED CONTRIBUTIONS FOR CAPITAL ASSET PURCHASES**

Capital asset contributions are deferred and amortized to revenues on the same basis as the related capital asset is amortized. Details of deferred capital asset contributions activity during the year are as follows:

	<u>2022</u>	<u>2021</u>
Balance - beginning of year	\$ -	\$ 846
Less: amounts recognized as revenues during the year	-	(846)
	<u>\$ -</u>	<u>\$ -</u>

**COMMUNITY MUSIC SCHOOLS OF TORONTO**  
*(Formerly Regent Park School of Music)*

**Notes to Financial Statements**  
**Year Ended June 30, 2022**

**8. COMMUNITY MUSIC SCHOOLS OF TORONTO FOUNDATION**

On August 26, 2003, the Board of Directors of the Organization incorporated the Community Music Schools of Toronto Foundation (“Foundation”) to conduct certain fundraising activities and programs. In 2014, the Foundation commenced taking on substantially all fundraising efforts, including the annual fundraiser, CRESCENDO.

The Foundation raises funds to cover most of the operating expenses of the Organization, in addition to funds for scholarships, long-term capital and other projects, and to ensure the long-term viability of the Organization.

Contributions from the Foundation are measured at the exchange amount in the normal course of operations and are approved by their respective Boards of Directors.

The Organization is dependent on regular contributions from the Community Music Schools of Toronto Foundation to fund its operations.

In addition to contributions throughout the year of operating funds from the Foundation, the Organization received various donations on behalf of the Foundation from unrelated parties. These donations as well as other amounts for short-term investment, including proceeds from the Canada Emergency Wage Subsidy, Canada Emergency Rent Subsidy and Hardest-Hit Businesses Recovery Program are transferred to the Foundation from time to time. As at the year-end, the Organization had a balance of \$58,508 (2021 - \$277,559) related to these amounts owing to the Foundation.

**9. COMMITMENT**

The Organization has entered into a sub-lease agreement for premises ending December 31, 2023. The future minimum lease payments are as follows:

	2023	\$ 61,931
	2024	30,965
		<u>\$ 92,896</u>

**10. GOVERNMENT GRANTS**

Government grants revenues consist of:

	2022	2021
Employment and Social Development Canada - Summer jobs grant	\$ 15,177	\$ 15,949
Canada Council for the Arts - project grant	3,000	-
Canada Council for the Arts - operating grant	-	100,000
Canada Council for the Arts - COVID-19 Emergency Support Fund	-	25,000
Ontario Arts Council - operating grant	60,462	60,462
Ontario Arts Council - Arts Recovery Fund	-	60,462
Toronto Arts Council - operating grant	15,000	30,000
	<u>\$ 93,639</u>	<u>\$ 291,873</u>

**COMMUNITY MUSIC SCHOOLS OF TORONTO**

*(Formerly Regent Park School of Music)*

**Notes to Financial Statements**

**Year Ended June 30, 2022**

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**11. GOVERNMENT ASSISTANCE**

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. Initiated in fiscal 2021 and continuing in 2022, the Organization moved its classes to virtual approach to aid with community health measures and lockdown protocols. A number of employment positions were made redundant as well. It is the opinion of management that the Organization will have sufficient resources to mitigate any potential negative impact that may occur in fiscal 2023 as a result of ongoing COVID-19 implications.

As part of the response to COVID-19, the federal government introduced the Canada Emergency Wage Subsidy ("CEWS"), the Canada Emergency Rent Subsidy ("CERS"), and the Hardest-Hit Business Recovery Program ("HHBRP") to assist employers whose activities have been affected by COVID-19. For the period of July 1, 2021 to October 23, 2021, the Organization applied for CEWS in the amount of \$113,193 (2021 - \$804,896), of which \$nil (2021 - \$48,016) is receivable at year-end. The Organization applied for CERS in the amount of \$6,842 (2021 - \$39,709), of which \$nil (2021 - \$17,032) is receivable at year-end. For the period of October 24, 2021 to June 30, 2022, the Organization applied for HHBRP in the amount of \$266,098 (2021 - \$nil), of which \$218,604 (2021 - \$nil) is receivable at year-end.

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