

**TIRGAN CENTRE FOR ART  
AND CULTURE**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2023**

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## INDEPENDENT AUDITORS' REPORT

To: The board of directors of  
**Tirgan Centre for Art and Culture**

### *Qualified Opinion*

We have audited the financial statements of Tirgan Centre for Art and Culture, which comprise the statement of financial position as at December 31, 2023, 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.

In our opinion, except for the 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, 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.

### *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 fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2023 and 2022, current assets as at December 31, 2023 and 2022, and net assets as at January 1 and December 31 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended December 31, 2022 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' 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 qualified 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.

**INDEPENDENT AUDITORS' REPORT, continued***Auditors' 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 auditors' 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 auditors' 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 auditors' 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.

**INDEPENDENT AUDITORS' REPORT, continued**

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.

A handwritten signature in black ink that reads "Shimmerman Penn LLP". The signature is written in a cursive, flowing style.

**Shimmerman Penn LLP**

Chartered Professional Accountants

Licensed Public Accountants

Toronto, Canada

September 10, 2024

# TIRGAN CENTRE FOR ART AND CULTURE

## STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2023

	2023	2022
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ -	\$ 521,550
Accounts receivable	119,274	87,953
Prepaid expenses and deposits	4,801	28,864
	<u>124,075</u>	<u>638,367</u>
<b>LONG TERM</b>		
Capital assets (note 3)	468,714	486,507
	<u>\$ 592,789</u>	<u>\$ 1,124,874</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Bank indebtedness	\$ 14,024	\$ -
Accounts payable and accrued liabilities	2,621	14,593
Deferred contributions (note 4)	90,080	124,583
Loans payable to directors	58,000	58,000
Grant loan payable (note 5)	111,083	-
Current portion of loan payable (note 6)	27,778	27,778
Current portion of mortgage payable (note 7)	22,470	12,049
	<u>326,056</u>	<u>237,003</u>
<b>LONG TERM</b>		
Loan payable (note 6)	178,241	211,747
Mortgage payable (note 7)	252,135	274,788
	<u>430,376</u>	<u>486,535</u>
	<u>756,432</u>	<u>723,538</u>
<b>FUND BALANCES</b>		
<b>NET ASSETS (NET DEFICIENCY)</b>	<u>(163,643)</u>	<u>401,336</u>
	<u>\$ 592,789</u>	<u>\$ 1,124,874</u>

**APPROVED ON BEHALF OF THE BOARD**

\_\_\_\_\_ *Member*

\_\_\_\_\_ *Member*

# TIRGAN CENTRE FOR ART AND CULTURE

## STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2023

	2023	2022
<b>REVENUES</b>		
Donations, contributions and sponsorships	\$ 640,646	\$ 296,356
Ticket sales and admissions	584,024	222,595
Grants (note 8)	241,342	664,071
Advertising and other income	149,789	40,845
Rental	54,500	11,770
	<b>1,670,301</b>	<b>1,235,637</b>
<b>EXPENDITURES</b>		
Events Costs (note 9)	1,601,096	547,118
Salaries and related benefits	356,295	383,622
Advertising and promotion	126,823	152,847
Professional fees	46,336	59,419
Office and general	43,280	23,900
Occupancy costs	19,938	18,722
Amortization	18,905	21,049
Interest on long-term debt	17,085	30,310
Interest and bank charges	3,022	2,462
Bad debts	2,500	-
	<b>2,235,280</b>	<b>1,239,449</b>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES BEFORE UNDERNOTED ITEM</b>	<b>(564,979)</b>	<b>(3,812)</b>
<b>OTHER INCOME</b>		
Government and other assistance	-	83,399
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ (564,979)</b>	<b>\$ 79,587</b>

See accompanying notes

# TIRGAN CENTRE FOR ART AND CULTURE

## STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2023

	2023	2022
<b>NET ASSETS, beginning of year</b>	<b>\$ 401,336</b>	<b>\$ 321,749</b>
Excess (deficiency) of revenues over expenditures	(564,979)	79,587
<b>NET ASSETS (NET DEFICIENCY), end of year</b>	<b>\$ (163,643)</b>	<b>\$ 401,336</b>

See accompanying notes

# TIRGAN CENTRE FOR ART AND CULTURE

## STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2023

	2023	2022
<b>CASH WAS PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenues over expenditures	\$ (564,979)	\$ 79,587
Item not affecting cash		
Amortization	18,905	21,049
	(546,074)	100,636
Change in non-cash operating working capital items		
Accounts receivable	(31,321)	(18,745)
Prepaid expenses and deposits	24,063	(4,604)
Accounts payable and accrued liabilities	(11,973)	(14)
Deferred contributions	(34,503)	40,569
Grant loan payable	111,083	-
	57,349	17,206
	(488,725)	117,842
<b>FINANCING ACTIVITIES</b>		
Decrease in loan payable	(33,506)	(10,475)
Decrease in mortgage payable	(12,232)	(11,460)
	(45,738)	(21,935)
<b>INVESTING ACTIVITY</b>		
Purchase of capital assets	(1,111)	-
<b>CHANGE IN CASH POSITION</b>	<b>(535,574)</b>	<b>95,907</b>
<b>CASH, beginning of year</b>	<b>521,550</b>	<b>425,643</b>
<b>CASH (BANK INDEBTEDNESS), end of year</b>	<b>\$ (14,024)</b>	<b>\$ 521,550</b>

See accompanying notes



# TIRGAN CENTRE FOR ART AND CULTURE

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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### 1. PURPOSE OF THE ORGANIZATION

Tirgan Centre for Art and Culture ("TCAC") was incorporated on May 15, 2007 as a corporation without share capital under Part II of the Ontario Business Corporation Act as a not-for profit organization and is not subject to income tax pursuant to subsection 149(1) of the Income Tax Act. The objectives of the organization are to promote and enhance cross-cultural harmony in order to advance tolerance, understanding and goodwill among all segments of Canadian multi-cultural mosaic and to celebrate Iranian artistic expression and cultural heritage in Canadian society. The organization produces, organizes and presents cultural programs and cultural festivals to showcase various aspects of Iranian cultural heritage and contemporary Iranian artistic expression.

TCAC is a registered charitable organization under the Income Tax Act (Canada) and, as such, is exempt from income taxes and is able to issue donation receipts for income tax purposes.

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### (a) Cash and cash equivalents

Cash and cash equivalents includes cash on hand and investments maturing in less than 90 days. As at December 31, 2022 there were no cash equivalents.

#### (b) Revenue recognition

The organization follows the deferral method of accounting for contributions and sponsorships. Contributions and sponsorships are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

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

Externally restricted grants are deferred and recognized as revenue in the year in which the related expenses are incurred.

Ticket sales and admissions for the biennial festival are recognized as revenue in the year in which the festival takes place and the related expenses are incurred.

Rental income is recognized as revenue when the related services are provided.

# TIRGAN CENTRE FOR ART AND CULTURE

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

#### (c) Government assistance

Government and other grants related to capital assets are accounted for as deferred government assistance and amortized on the same basis as the related capital assets. Government assistance toward current expenses are included in the determination of net income for the period and presented as other income in the Statement of Operations. If there is no reasonable assurance of collection, the recognition of the government assistance is deferred to the period when such assurance can be obtained.

#### (d) Donations

Donations are recorded when received or known to be in transit at the fiscal year end.

#### (e) Contributed services

Directors, committee members and owners volunteer their time to assist in the corporation's activities. While these services benefit the corporation considerably, a reasonable estimate of their amount and fair value cannot be made and, accordingly, these contributed services are not recognized in the financial statements.

#### (f) Capital assets

Capital assets are recorded at cost. The organization provides for amortization using the following methods at rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates and methods are as follows:

Building	4% Declining balance
Locker	4% Declining balance
Furniture and fixtures	20% Declining balance
Computer equipment	30% Declining balance

#### (g) Impairment of long-lived assets

The organization tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected undiscounted future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent carrying value exceeds its fair value.

# TIRGAN CENTRE FOR ART AND CULTURE

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

#### (h) Capital management

Tirgan Centre for Art and Culture's objective in managing its net assets are to safeguard the organization's ability to maintain its projects and programs as outlined in budgets and plans approved by the Board. The Board monitors, assesses and manages capital and makes adjustments based on its assessment of economic conditions.

The organization is subject to external restrictions on grants when the funding agencies specify program areas which they fund. The organization has complied with these externally imposed requirements.

#### (i) Cash flows

The organization uses the indirect method of reporting cash flows from operating activities.

#### (j) 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, liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates. The main estimates relate to the useful life of capital assets.

# TIRGAN CENTRE FOR ART AND CULTURE

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

#### (k) Financial instruments

##### (i) Measurement of financial instruments

The organization initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. Amounts due to and from related parties are measured at the exchange amount, being the amount agreed upon by the related parties.

The organization subsequently measures its financial assets and financial liabilities at amortized cost, except for derivatives and equity securities quoted in an active market, which are subsequently measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include accounts receivable.

Financial liabilities measured at amortized cost include bank indebtedness, accounts payable and accrued liabilities, loans payable to directors, grant loan payable, loan and mortgage payable.

##### (ii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in net income. The write down reflects the difference between the carrying amount and the higher of:

- ♦ the present value of the cash flows expected to be generated by the asset or group of assets;
- ♦ the amount that could be realized by selling the assets or group of assets;
- ♦ the net realizable value of any collateral held to secure repayment of the assets or group of assets.

When the events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in net income up to the amount of the previously recognized impairment.

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# TIRGAN CENTRE FOR ART AND CULTURE

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

### 3. CAPITAL ASSETS

	2023		2022	
	Cost	Accumulated amortization	Net	Net
Land	\$ 105,000	\$ -	\$ 105,000	\$ 105,000
Building	413,159	69,262	343,897	358,226
Locker	11,077	1,857	9,220	9,604
Furniture and fixtures	3,083	2,461	622	777
Computer equipment	23,633	13,658	9,975	12,900
	\$ 555,952	\$ 87,238	\$ 468,714	\$ 486,507

### 4. DEFERRED CONTRIBUTIONS

Deferred contributions consist of contributions and government grants received in advance of future events and projects. Changes in the deferred contributions balances are as follows:

	2023		2022	
Opening balance	\$ 124,583		\$ 84,014	
Amounts received or receivable to current and future years	317,922		704,640	
Amounts recognized as revenue in the year	(352,425)		(664,071)	
	\$ 90,080		\$ 124,583	

Balance allocated as follows:

	2023		2022	
Government of Canada	\$ 65,080		\$ 13,500	
Province of Ontario	-		111,083	
City of Toronto	25,000		-	
	\$ 90,080		\$ 124,583	

# TIRGAN CENTRE FOR ART AND CULTURE

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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5. **GRANT LOAN PAYABLE**

Amount is due to the Minister of Finance regarding a grant for one of the current year's events. The Minister of Finance requested for the repayment of the grant as the organization did not meet certain criteria. The loan is unsecured, non-interest bearing, payable in monthly installments of \$1,000 starting May 2024 and due October 31, 2024.

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6. **LOAN PAYABLE**

	2023	2022
Term loan bearing interest at 4.0%, payable interest only until May 1, 2022 and then monthly installments of \$2,314 plus interest and due on April 1, 2031. The loan is secured against all of the assets of the organization.	\$ 206,019	\$ 239,525
Less current portion	27,778	27,778
Due beyond one year	\$ 178,241	\$ 211,747
Estimated principal repayments are as follows:		
2024	\$ 27,778	
2025	27,778	
2026	27,778	
2027	27,778	
Subsequent years	94,907	
	\$ 206,019	

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# TIRGAN CENTRE FOR ART AND CULTURE

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

### 7. MORTGAGE PAYABLE

	2023	2022
Mortgage loan bearing interest at 5.03%, payable in monthly installments of \$2,183 (principal and interest) and due on March 28, 2024. The loan is secured against the respective property.	\$ 274,605	\$ 286,837
Less current portion	22,470	12,049
Due beyond one year	\$ 252,135	\$ 274,788
Estimated principal repayments are as follows:		
2024	\$ 22,470	
Subsequent years	252,135	
	\$ 274,605	

Subsequent to year end, the mortgage was renewed, bearing interest at 8.45%, payable in monthly installments of \$2,184 plus interest and due March 28, 2025.

### 8. GRANTS

Various governments and government agencies have agreed to grant the organization funds in the year to cover program expenditures incurred as per approved budgets. Such amounts included in grants revenue are as follows.

	2023	2022
Province of Ontario	\$ 44,642	\$ 463,170
Government of Canada	176,700	165,901
Municipal	-	25,000
Other	20,000	10,000
	\$ 241,342	\$ 664,071

# TIRGAN CENTRE FOR ART AND CULTURE

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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### 9. EVENT COSTS

Details of costs related to various events held during the year are as follows:

	2023	2022
Artist fees	\$ 265,640	\$ 187,576
Production costs	735,783	162,514
Venue rental	252,350	54,657
Event related food and drinks	123,354	68,835
Travel and transportation	119,383	47,576
Operational and logistics	19,787	16,480
Accommodations	84,799	9,480
	<b>\$ 1,601,096</b>	<b>\$ 547,118</b>

Event related food and drinks refers to food and refreshments served and sold at events.

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### 10. RELATED PARTY TRANSACTIONS

Total contributions made by senior management and members of the Board of Directors for the year was \$14,650 (2022 - \$3,000). These contributions consisted of cash donations, sponsorships, ticket purchases and other items.

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.



# TIRGAN CENTRE FOR ART AND CULTURE

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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### 11. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) **Liquidity risk**

Liquidity risk is the risk that the organization will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities and loan payable to directors. The organization expects to meet these obligations as they come due by generating sufficient cash flows from operations as well as from ongoing grant support, sponsorships and the continued support of its members and contributors.

(b) **Credit risk**

Credit risk arises from the potential that certain parties will fail to perform their obligations. The organization routinely assesses the financial strength of its sponsors and registrants and, as a consequence, believes that its accounts receivable credit risk exposure is limited.

(c) **Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The organization is not exposed to currency risk or other price risk.

(d) **Interest rate risk**

The organization is exposed to interest rate risk due to the fixed rate interest on their long-term debt.

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### 12. SUBSEQUENT EVENTS

Subsequent to year end, the organization listed its land and building for sale for \$720,000.

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