TIRGAN CENTRE FOR ART AND CULTURE

Financial Statements

Year Ended December 31, 2024

TIRGAN CENTRE FOR ART AND CULTURE
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Year Ended December 31, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Members of Tirgan Centre for Art and Culture

Qualified Opinion

We have audited the financial statements of Tirgan Centre for Art and Culture (the "organization"), which comprise the statement of financial position as at December 31, 2024, 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 possible 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, 2024, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

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 year ended December 31, 2024, current assets and net assets as at December 31, 2024.

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 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 audit opinion.

Other Matter

The financial statements for the year ended December 31, 2023 were audited by another auditor who expressed an unmodified opinion on those financial statements on September 10, 2024.

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 ASNPO, 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.

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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. 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 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.

(continues)

L. Levy

Vaughan, Ontario
June 20, 2025

Levy Consulting Accounting and Tax PC
Authorized to practise public accounting by the
Chartered Professional Accountants of Ontario

TIRGAN CENTRE FOR ART AND CULTURE
Statement of Financial Position
December 31, 2024

		2024		2023
ASSETS				
CURRENT				
Cash	**$**	**360,425**	$	-
Accounts receivable		**81,608**		119,273
Prepaid expenses and deposits		**8,470**		4,801
		450,503		124,074
NON-CURRENT				
Capital assets *(Note 3)*		**17,890**		468,714
	$	**468,393**	$	592,788
LIABILITIES				
CURRENT				
Bank indebtedness	**$**	**-**	$	14,023
Accounts payable and accrued liabilities		**6,124**		2,621
Deferred contributions		**196,906**		90,080
Loans payable to directors		**117,000**		58,000
Grant loan payable		**-**		111,083
Current portion of loan payable *(Note 5)*		**27,778**		27,778
Current portion of mortgage payable		**-**		22,470
		347,808		326,055
NON-CURRENT				
Loan payable *(Note 5)*		**150,463**		178,241
Long term debt		**-**		252,135
		498,271		756,431
FUND BALANCES				
NET DEFICIENCY		**(29,878)**		(163,643)
	$	**468,393**	$	592,788

APPROVED BY THE DIRECTOR

Mehrdad Ariannejad _Director_

Ali Nabkeh Zadeh Director

TIRGAN CENTRE FOR ART AND CULTURE
Statement of Operations
Year Ended December 31, 2024

	2024	2023
REVENUES		
Advertising and other income	**$ 998**	$ 149,789
Donations, contributions and sponsorships	**243,681**	640,646
Grants *(Note 6)*	**132,722**	241,342
Rental	**24,950**	54,500
Ticket sales and admissions	**74,798**	584,024
	477,149	1,670,301
EXPENDITURES		
Advertising and promotion	**29,114**	126,823
Amortization	**1,927**	18,905
Bad debts	**-**	2,500
Events costs *(Note 7)*	**248,032**	1,601,096
Interest and bank charges	**2,250**	3,023
Interest on long term debt	**15,086**	17,085
Occupancy costs	**21,562**	19,938
Office and general	**25,709**	43,280
Professional fees	**22,968**	46,336
Salaries and benefits	**143,288**	356,295
	509,936	2,235,281
DEFICIENCY OF REVENUES OVER EXPENDITURES FROM OPERATIONS	**(32,787)**	(564,980)
OTHER INCOME		
Gain on disposal of capital assets	**166,552**	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	**$ 133,765**	$ (564,980)

TIRGAN CENTRE FOR ART AND CULTURE
Statement of Changes in Net Assets
Year Ended December 31, 2024

	2024	2023
NET ASSETS - BEGINNING OF YEAR	**$ (163,643)**	$ 401,337
Excess of revenues over expenditures	**133,765**	(564,980)
NET ASSETS - END OF YEAR	**$ (29,878)**	$ (163,643)

TIRGAN CENTRE FOR ART AND CULTURE

Statement of Cash Flows

Year Ended December 31, 2024

		2024		2023
OPERATING ACTIVITIES				
Excess (deficiency) of revenues over expenditures	**$**	**133,765**	$	(564,980)
Item not affecting cash:				
Amortization		**1,927**		18,905
		135,692		(546,075)
Changes in non-cash working capital:				
Accounts receivable		**37,664**		(31,322)
Prepaid expenses and deposits		**(3,669)**		24,063
Accounts payable and accrued liabilities		**3,504**		(11,970)
Deferred contributions		**106,826**		(34,503)
		144,325		(53,732)
Cash flow from (used by) operating activities		**280,017**		(599,807)
INVESTING ACTIVITIES				
Purchase of capital assets		**-**		(1,111)
Disposal of capital assets		**448,897**		-
Cash flow from (used by) investing activities		**448,897**		(1,111)
FINANCING ACTIVITIES				
Grant loan payable		**(111,083)**		111,083
Decrease in loan payable		**(27,778)**		(33,506)
Advances to members		**59,000**		-
Decrease in mortgage payable		**(274,605)**		(12,232)
Cash flow from (used by) financing activities		**(354,466)**		65,345
INCREASE (DECREASE) IN CASH FLOW		**374,448**		(535,573)
Cash (deficiency) - beginning of year		**(14,023)**		521,550
CASH (DEFICIENCY) - END OF YEAR	**$**	**360,425**	$	(14,023)

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO) and, in management's opinion, with consideration of materiality and within the framework of the following accounting policies:

Cash and cash equivalents

Cash and cash equivalents includes cash on hand and investments maturing in less than 90 days. As at December 31, 2024 there were no cash equivalents.

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.

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..

Donations

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

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

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.

Capital assets

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

Buildings	4%
Locker	4%
Furniture and equipment	20%
Computer equipment	30%

The organization regularly reviews its capital assets to eliminate obsolete items. Government grants are treated as a reduction of capital assets cost.

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

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 longlived 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.

Financial instruments

Initial measurement

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.

Subsequent measurement

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.

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

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.

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.

3. CAPITAL ASSETS

	Cost	Accumulated amortization	**2024 Net book value**	2023 Net book value
Land	$ -	$ -	**$ -**	$ 105,000
Buildings	-	-	**-**	343,897
Furniture and equipment	3,083	2,523	**560**	622
Computer equipment	23,633	15,154	**8,479**	9,975
Locker	11,077	2,226	**8,851**	9,220
	$ 37,793	$ 19,903	**$ 17,890**	$ 468,714

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:

	2024	2023
Opening balance	$ 90,080	$ 124,583
Amounts received or receivable to current and future years	196,906	317,922
Amounts recognized as revenue in the year	(90,080)	(352,425)
	$ 196,906	$ 90,080

Balance allocated as follows:

	2024	2023
Ontario Arts Council	$ 46,906	$ -
Toronto Arts Council	25,000	-
TD Bank Group	125,000	-
Government of Canada	-	65,080
City of Toronto	-	25,000
	$ 196,906	$ 90,080

5. LOAN PAYABLE

	2024	2023
Term loan bearing interest at 4.0%, payable interest and 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.	$ 178,241	$ 206,019
Amounts payable within one year	(27,778)	(27,778)
	$ 150,463	$ 178,241

Future minimum capital lease payments are approximately:

2025	$ 27,778
2026	27,778
2027	27,778
2028	27,778
Thereafter	67,129
Total minimum payments	$ 178,241

6. 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:

	2024	2023
Province of Ontario	**$ 42,642**	$ 44,642
Government of Canada	**65,080**	176,700
Other	**25,000**	20,000
	$ 132,722	$ 241,342

7. EVENTS COSTS

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

	2024	2023
Artist fees	**$ 69,956**	$ 265,640
Production costs	**123,873**	735,783
Venue rental	**27,142**	252,350
Event related food and drinks	**5,032**	123,354
Travel and transportation	**7,190**	119,383
Operational and logistics	**9,527**	19,787
Accommodations	**5,312**	84,799
	$ 248,032	$ 1,601,096

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

8. 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) 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.

(b) 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.

(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.

9. COMPARATIVE FIGURES

An audit engagement was performed in the prior year and an independent practitioner's audit engagement report was issued dated September 10, 2024 by a different auditor. Certain comparative figures have been reclassified to conform with the current year's presentation.