River & Sky Arts in the Woods

Financial Statements
(unaudited)

Year ended October 31, 2024

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To: The Board of Directors of
River & Sky Arts In The Woods

Report on the Financial Statements
We have reviewed the accompanying financial statements of **River & Sky Arts in the Woods**, that comprise the statement of financial position as at **October 31, 2024**, and the statements of operations, changes in unrestricted net assets (deficiency) 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 River & Sky Arts in the Woods as at October 31, 2024, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT, continued

Emphasis of Matter
Without modifying our conclusion, we draw attention to note 3 to the financial statements which describes that River & Sky Arts in the Woods adopted Canadian accounting standards for not-for-profit organizations on November 1, 2023 with a transition date of November 1, 2022. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statement of financial position as at October 31, 2023 and November 1, 2022, and the statements of operations, changes in unrestricted net assets (deficiency) and cash flows for the year ended October 31, 2023 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is neither audited nor reviewed.

FREELANDT CALDWELL REILLY LLP

Chartered Professional Accountants
Licensed Public Accountants

Sudbury, Ontario
April 17, 2025

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River & Sky Arts in the Woods
Statement of Financial Position
October 31, 2024 with comparative figures for 2023

(unaudited)

	October 31, 2024	October 31, 2023 (unaudited and without review) (note 3)	November 1, 2022 (unaudited and without review) (note 3)
Assets			
Current			
Cash	$ 15,588	$ 7,045	$ 27,023
Short-term investment (note 4)	1,500	1,500	1,500
Accounts receivable (note 5)	24,616	69,313	85,955
Inventory (note 6)	5,653	6,048	2,216
Prepaid expenses	5,267	3,447	3,351
	52,624	87,353	120,045
Capital assets (note 7)	4,711	6,027	5,149
	$ 57,335	$ 93,380	$ 125,194
Liabilities and net assets (deficiency)			
Current			
Accounts payable and accrued liabilities (note 8)	$ 44,438	$ 66,699	$ 25,204
Deferred revenue	2,383	-	28,125
Current portion of long-term debt (note 9)	58,172	-	-
	104,993	66,699	53,329
Long-term debt (note 9)	-	60,000	40,000
	104,993	126,699	93,329
Net assets (deficiency)			
Unrestricted net assets (deficiency)	(47,658)	(33,319)	31,865
	$ 57,335	$ 93,380	$ 125,194

Subsequent events (note 10)

River & Sky Arts in the Woods
Statement of Operations
Year ended October 31, 2024 with comparative figures for 2023

(unaudited)

	2024	2023 (unaudited and without review) (note 3)
Revenues		
Government funding (Schedule 1)	$ 133,079	$ 211,842
Ticket sales	132,429	124,427
In kind goods and services	25,728	24,538
Merchandise sales	15,115	15,384
Membership dues	7,175	5,180
Funding and donations	294	2,866
	313,820	384,237
Expenditures		
Artist fees	78,885	77,827
Salaries and related benefits	76,072	134,375
Production costs	54,899	64,100
Sound production	30,240	28,797
In-kind donation expense	25,728	24,538
Professional fees	12,336	8,468
Merchandise purchases (note 6)	9,924	8,185
Rent	7,200	6,750
Volunteer costs	7,170	28,945
Advertising and promotion	6,000	9,379
Interest and bank charges	5,073	7,272
Insurance	4,676	4,500
Office and administration	4,565	2,381
Interest on long-term debt	2,144	-
Bad debts	2,000	-
Amortization	1,315	1,423
	328,227	406,940
Deficiency of revenues over expenditures before undernoted items	(14,407)	(22,703)
Other income (expenses)		
Interest	68	19
Canadian emergency business account - reinstatement of amounts owing	-	(20,000)
Other payroll costs	-	(22,500)
	68	(42,481)
Deficiency of revenues over expenditures	$ (14,339)	$ (65,184)

River & Sky Arts in the Woods
Statement of Changes in Unrestricted Net Assets (Deficiency)
Year ended October 31, 2024 with comparative figures for 2023

(unaudited)

		2024	2023 (unaudited and without review) (note 3)
Unrestricted net assets (deficiency), beginning of year	$	(33,319)	$ 31,865
Deficiency of revenues over expenditures		(14,339)	(65,184)
Unrestricted net deficiency, end of year	$	(47,658)	$ (33,319)

River & Sky Arts in the Woods
Cash Flows Statement
Year ended October 31, 2024 with comparative figures for 2023

(unaudited)

		2024	2023 (unaudited and without review) (note 3)
Cash flows from operating activities			
Deficiency of revenues over expenditures	$	(14,339)	$ (65,184)
Adjustments for non-cash items			
Amortization		1,315	1,423
Canadian emergency business account - reinstatement of amounts owing		-	20,000
		(13,024)	(43,761)
Change in non-cash working capital items			
Accounts receivable		44,697	16,642
Inventory		395	(3,832)
Prepaid expenses		(1,820)	(96)
Accounts payable and accrued liabilities		(22,260)	41,494
Deferred revenue		2,383	(28,125)
		10,371	(17,678)
Cash flows from investing activities			
Purchase of equipment		-	(2,300)
Cash flows from financing activities			
Repayment of long-term debt		(1,828)	-
Increase (decrease) in cash		8,543	(19,978)
Cash, beginning of year		7,045	27,023
Cash, end of year	$	15,588	$ 7,045

1. Nature of operations

River & Sky Arts in the Woods "the organization" was incorporated under the laws of the province of Ontario as a not-for-profit corporation without share capital.

The organization was established to host an outdoor camping festival focused on live music, visual arts and skill development workshops, as well as other outreach shows to support music and arts.

2. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are detailed as follows:

(a) 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.

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 the statement of operations in the period they occur.

Financial assets measured at amortized cost include cash, short-term investments and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and long-term debt.

(ii) Impairment

Financial assets measured at other than fair value 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 the statement of operations.When events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in the statement of operations, in the period it is identified and measurable, up to the amount of the previously recognized impairment.

2. **Significant accounting policies, continued**

(b) **Short-term investments**

Short-term investments, consisting of guaranteed investment certificates, are recorded at amortized cost.

(c) **Inventory**

Inventory is valued at the lower of cost and net realizable value. Cost is determined using the average cost method.

(d) **Capital assets**

Capital assets are recorded at cost. The organization provides for amortization using the declining balance method at rates designed to amortize the cost of the capital assets over their estimated useful lives. One half of the year's amortization is recorded in the year of acquisition. No amortization is recorded in the year of disposal. The annual amortization rates are as follows:

Furniture & fixtures	20%
Tents	30%
Equipment	20-50%
Automotive	30%

(e) **Impairment of long-lived assets**

A long-lived asset is tested for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value. Any impairment results in a write-down of the asset and a charge to income during the year. An impairment loss is not reversed if the fair value of the related long-lived asset subsequently increases.

(f) **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. Operating grants are accounted for as revenue when approved and receivable, in the period in which underlying expenditures are incurred.

2. **Significant accounting policies, continued**

(g) **Revenue recognition**

The organization follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Any unexpended portion of contributions for specific purposes are reflected as deferred contributions. Unrestricted contributions are recognized as revenue when received or receivable when the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue from ticket sales is recognized when the event takes place, as this is when the organization has fulfilled its performance obligations. Ticket sales received in advance of the event are recorded as deferred revenue and recognized as revenue when the event occurs.

Revenue from merchandise sales is recognized at the point of sale when the risks and rewards of ownership have transferred to the buyer, which is typically when the product is delivered to the customer or at the time of purchase in the case of in-person sales.

The organization recognizes in-kind contributions of goods and services when their fair value can be reasonably estimated and they would otherwise have been purchased. Donated goods and services are recorded as revenue and an offsetting asset or expense at fair value upon receipt.

Membership dues are recognized as revenue when received, provided they are non-refundable and no significant related services are to be provided.

Donations are recognized as revenue when received.

(h) **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 reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant. Accounts specifically affected by estimates in these financial statements are estimate of allowance for doubtful accounts, net realizable value of inventory, useful lives of capital assets and fair market value of in-kind contributions.

3. Adoption of Accounting Standards for Not-for-Profit Organizations

Effective November 1, 2023, the organization adopted the requirements of the CPA Canada Handbook Part III - Canadian accounting standards for not-for-profit organizations (ASNPO). These are the organization's first financial statements prepared in accordance with ASNPO and the transitional provisions of Section 1501, First-time Adoption have been applied. Section 1501 requires retrospective application of the accounting standards which have been applied retrospectively. The accounting policies set out in the significant accounting policies have been applied in preparing the financial statements for the year ended October 31, 2024, the comparative information for the year ended October 31, 2023 and in the preparation of an opening statement of financial position as at November 1, 2022, which is the organization’s date of transition.

The organization previously issued financial statements for the year ended October 31, 2023 in accordance with Canadian Standards on Related Services (CSRS) 4200, Compilation Engagements.

The adoption of ASNPO has had no impact on the previously reported assets, liabilities and net assets of the company, and accordingly, no adjustments have been recorded in the comparative statement of financial position, statement of operations and statement of cash flows. Certain aspects of the company's presentation and disclosures included in these financial statements reflect the new presentation and disclosure requirements of ASNPO.

The rules for transition to Canadian accounting standards for not-for-profit organizations normally require that an enterprise prepare its opening statement of financial position using the standards that will be followed thereafter. However, certain elective exemptions are available. In preparing the opening statement of financial position referred to above, the organization used none of the elective exemptions.

4. Short-term investment

Short-term investment consists of an RBC Guaranteed investment certificate, with interest at 4% and maturity date of April 2025.

5. Accounts receivable

	2024	2023 (unaudited and without review) (note 3)
Ontario Media Development Fund	$ 17,500	$ 16,250
Other receivables	3,317	4,090
HST receivable	3,117	18,688
Canada Summer Jobs	2,942	-
Ontario Arts Council	-	15,477
Northern Ontario Heritage Fund Corporation	-	14,808
Less : Allowance for doubtful account	(2,260)	-
	$ 24,616	$ 69,313

6. Inventory

During the year, the amount of inventory expensed as merchandise purchases was $9,924 (2023 - $8,185).

7. Capital assets

		2024		2023 (unaudited and without review) (note 3)
	Cost	Accumulated amortization	Net	Net
Furniture & fixtures	$ 17,280	$ 13,296	$ 3,984	$ 4,995
Tents	6,444	5,792	652	932
Equipment	413	373	40	50
Automotive	1,468	1,433	35	50
	$ 25,605	$ 20,894	$ 4,711	$ 6,027

Cost and accumulated amortization for the year ended October 31, 2023 amounted to $25,604 and $19,577 respectively.

8. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances of $Nil (2023 - $11,245).

9. Long-term debt

	2024	2023 (unaudited and without review) (note 3)
Royal Bank of Canada, Canada Emergency Business Account loan bearing interest at 5% per annum, repayable by monthly interest-only payments until maturity in December 2025, when the principal is due.	$ 58,172	$ 60,000
Less current portion	58,172	-
	$ -	$ 60,000

Refer to note 10 for events subsequent to the year-end regarding this loan.

10. Subsequent events

Subsequent to year-end, the Royal Bank of Canada assigned the loan to the Government of Canada, Export Development Canada. The organization has yet to receive the terms of the loan upon assignment, as a result the organization has classified the loan as current in the financial statements.

11. Comparative figures

Certain comparative figures have been reclassified from those previously presented to conform to the presentation of the 2024 financial statements.

12. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring financial risks to or from another party. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments. The organization is exposed to the following risks associated with its financial instruments:

(a) Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The organization is exposed to credit risk relating to it's cash, term deposits and accounts receivable balances.

The organization minimizes credit risk associated with cash and term deposits by ensuring that these financial assets are held with a large reputable financial institution with a high credit rating.

The organization is exposed to credit risk associated with its accounts receivable balances of $24,616 (2023 - $69,313), which includes amounts receivable from government organizations. The organization measures its exposure to credit risk by monitoring collections and how long the amounts have been outstanding creating an allowance for bad debts when applicable.

(b) Liquidity risk

Liquidity risk is the risk that the organization cannot repay its obligations when they become due to its creditors. The organization has liquidity risk in the accounts payable and accrued liabilities and current portion of long-term debt of $102,610 (2023 - $66,699). The organization manages liquidity risk by negotiating extended payment terms with suppliers and creditors when necessary and monitoring due dates.

(c) Interest rate risk

The organization is exposed to interest rate risk. Interest rate risk is the risk that the organization has interest rate exposure on its Canada Emergency Business Account loan (note 9 and 10) which will have new terms and potential of change of interest rate. This exposure may have an effect on its earnings in future periods. The organization does not use derivative instruments to reduce its exposure to interest rate risk.

River & Sky Arts in the Woods

Schedule of Government Funding
Year ended October 31, 2024 with comparative figures for 2023

(unaudited)

	2024	2023 (unaudited and without review) (note 3)
Ontario Media Development Corporation	$ 70,000	$ 65,000
Canadian Heritage Grant	24,818	20,000
Canada Summer Jobs	22,784	19,889
Ontario Arts Council	15,477	15,477
Northern Ontario Heritage Fund Corporation	-	58,951
Ontario Trillium Fund	-	32,525
	$ 133,079	$ 211,842