
Financial statements of Arts Commons

August 31, 2024

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Independent auditor's report

To the Members of Arts Commons

Opinion

We have audited the financial statements of Arts Commons ("the Organization"), which comprise the statement of financial position as at August 31, 2024, and the statements of operations and changes in fund balances 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 August 31, 2024, 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.

Emphasis of Matter – Restated Comparative Information

We draw your attention to Note 13 to the financial statements, which explains that certain comparative information presented as at and for the year ended August 31, 2023 has been restated. The financial statements for the year ended August 31, 2023 (prior to the adjustments that were applied to restate certain comparative information explained in Note 13) were audited by another auditor who expressed an unmodified opinion on those financial statements on November 21, 2023. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance 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.

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.

Calgary, Canada
December 6, 2024

Doane Grant Thornton LLP

Chartered Professional Accountants

Arts Commons

Statement of operations and changes in fund balances

Year ended August 31, 2024

		Operating Fund	Capital Replacement Fund	Capital Campaign Fund	2024 Total	2023 Total (Restated Note 13)
	Notes	\$	\$	\$	\$	\$
Revenue						
Venue operations		6,226,116	—	—	6,226,116	5,603,794
Programming		1,896,692	—	—	1,896,692	1,178,687
Ticketing services		894,314	—	—	894,314	784,497
Facility		63,820	—	—	63,820	71,471
Support services		621,863	—	1,109	622,972	323,338
Grants	7	4,474,396	—	77,040	4,551,436	5,294,659
Fundraising		131,436	—	665,586	797,022	723,359
Deferred contributions	6	1,505,141	2,105,715	—	3,610,856	2,830,811
Investment income		—	897,873	—	897,873	552,116
		15,813,778	3,003,588	743,735	19,561,101	17,362,732
Expenses						
Venue operations		4,141,229	—	—	4,141,229	3,357,380
Programming		3,057,458	—	—	3,057,458	2,531,026
Ticketing services		746,105	—	—	746,105	836,186
Facility operations		2,782,707	—	—	2,782,707	3,350,126
Fundraising	9	1,076,382	—	629,568	1,705,950	1,517,622
Administration		2,705,121	383,558	302,357	3,391,036	2,543,496
Amortization of tangible capital assets		—	2,432,396	—	2,432,396	2,023,560
Marketing and communications		1,121,020	—	—	1,121,020	1,112,702
Investment fees and grants		—	23,137	—	23,137	21,807
		15,630,022	2,839,091	931,925	19,401,038	17,293,905
Excess (deficiency) of revenue over expenses		183,756	164,497	(188,190)	160,063	68,827
Fund balances, beginning of year		1,149,809	1,131,865	188,190	2,469,864	2,401,037
Fund balances, end of year		1,333,565	1,296,362	—	2,629,927	2,469,864


The accompanying notes are an integral part of the financial statements.


Arts Commons
Statement of financial position
As at August 31, 2024

		Operating Fund	Capital Replacement Fund	Capital Campaign Fund	2024 Total	2023 Total (Restated Note 13)
	Notes	\$	\$	\$	\$	\$
Assets						
Current assets						
Cash		2,199,330	207,726	678,706	3,085,762	3,570,813
Accounts receivable	3	1,299,192	644,953	1,173,876	3,118,021	2,630,312
Prepaid expenses		238,914	—	—	238,914	201,966
Deposits		150,893	—	—	150,893	191,044
Inventory		79,824	—	—	79,824	62,307
Interfund balances	12	2,186,673	(1,054,849)	(1,131,824)	—	—
		6,154,826	(202,170)	720,758	6,673,414	6,656,442
Investments	4	—	7,014,427	—	7,014,427	6,150,349
Tangible capital assets	5	—	26,405,323	—	26,405,323	26,227,278
		6,154,826	33,217,580	720,758	40,093,164	39,034,069
Liabilities						
Current liabilities						
Accounts payable and accrued liabilities	3	2,995,003	761,707	79,664	3,836,374	4,402,463
Deferred revenue		306,350	—	—	306,350	299,588
Current portion of deferred contribution	6	1,519,908	—	641,094	2,161,002	1,505,141
		4,821,261	761,707	720,758	6,303,726	6,207,192
Deferred contributions	6	—	31,159,511	—	31,159,511	30,357,013
		4,821,261	31,921,218	720,758	37,463,237	36,564,205
Fund balances						
Invested in tangible capital assets	13	—	1,074,913	—	1,074,913	935,296
Internally restricted	8, 13	378,000	221,449	—	599,449	574,569
Unrestricted		955,565	—	—	955,565	959,999
		1,333,565	1,296,362	—	2,629,927	2,469,864
		6,154,826	33,217,580	720,758	40,093,164	39,034,069

The accompanying notes are an integral part of the financial statements.

Approved by the Board

 _____, Director

 _____, Director

Arts Commons
Statement of cash flows
Year ended August 31, 2024

	2024	2023
	\$	\$ (Restated Note 13)
Operating activities		
Excess of revenue over expenses	160,063	68,827
Items not affecting cash		
Gain on disposal of tangible capital assets	(9,500)	—
Amortization of tangible capital assets	2,432,396	2,023,560
Amortization of deferred contributions	(2,105,715)	(1,572,479)
	477,244	519,908
Changes in non-cash working capital		
Accounts receivable	(1,076,799)	(1,041,068)
Prepaid expenses	(36,948)	(21,027)
Deposits	40,151	(134,912)
Inventory	(17,517)	(19,766)
Accounts payable and accrued liabilities	(566,088)	252,489
Deferred revenue	6,762	80,384
Deferred contributions relating to operations and capital campaign	1,244,951	(723,562)
	71,756	(1,087,554)
Financing activities		
Deferred contributions received relating to Capital Replacement Fund	2,908,213	2,438,580
Investing activities		
Proceeds on disposal of tangible capital asset	9,500	—
Purchase of investments (net of proceeds)	(864,079)	(529,495)
Purchase of tangible capital assets	(2,610,441)	(2,371,870)
	(3,465,020)	(2,901,365)
Net decrease in cash	(485,051)	(1,550,339)
Cash, beginning of year	3,570,813	5,121,152
Cash, end of year	3,085,762	3,570,813

The accompanying notes are an integral part of the financial statements.

1. Purpose of the organization

Arts Commons is a not-for-profit organization incorporated under the *Companies Act of Alberta*. Arts Commons is one of North America's largest performing arts facilities with eight venues showcasing music, theatre, and dance. The resident companies include Theatre Calgary, Alberta Theatre Projects, Calgary Philharmonic Orchestra, One Yellow Rabbit, and Downstage Performance Society. Arts Commons is registered as a Canadian charitable organization under the *Income Tax Act* and, accordingly, is exempt from income taxes and can issue donation receipts for income tax purposes.

Arts Commons' financial statements are prepared using accounting standards for not-for-profit organizations ("ASNFP") issued by the Accounting Standards Board of Chartered Professional Accountants of Canada ("CPA Canada") and set out in Part III of the CPA Canada Handbook.

2. Significant accounting policies

The financial statements of Arts Commons have been prepared by management in accordance with ASNFP and reflect the following significant accounting policies:

Fund accounting

- (i) The Operating Fund accounts for revenue and expenses related to the operations, program delivery and administration of Arts Commons.
- (ii) The Capital Replacement Fund accounts for revenue and expenses for building improvement, maintenance and replacement or acquisition of tangible capital assets.
- (iii) The Capital Campaign Fund accounts for revenue and expenses specific to the capital campaign to fundraise for the Arts Commons Transformation Project.

Financial instruments

Financial instruments are recorded at fair value on initial recognition. All other financial instruments are recorded at cost or amortized cost unless management has elected to record at fair value. Investments have been elected to be recognized at fair value.

Transaction costs related to financial instruments measured at fair value are expensed as incurred. For all other financial instruments, the transaction costs are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the straight-line method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the straight-line method and recognized in the excess of revenue over expenses as dividends and other distributions.

With respect to financial assets measured at cost or amortized cost, Arts Commons recognizes in the statement of operations and changes in fund balances an impairment loss, if any, when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed in the statement of operations and changes in fund balances in the period the reversal occurs.

Arts Commons does not enter into any derivative financial instrument arrangements.

2. Significant accounting policies (continued)

Revenue recognition

Arts Commons follows the deferral method of accounting for contributions whereby externally restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable if the amount is fixed or can be reasonably estimated and collection is reasonably assured. Externally restricted contributions explicitly related to tangible capital assets are deferred and amortized on a straight-line basis over the estimated useful life of the corresponding asset.

Government assistance is not recognized until there is reasonable assurance that the Arts Commons will comply with the conditions attaching to them and that the grants will be received.

Investment income is recognized as it is earned.

Theatre and concert hall revenue and costs are recognized only for programs which have taken place. Revenue received and costs incurred prior to the date of performance are deferred.

Donated materials and services

Donated materials and services are recorded at fair market value if Arts Commons would normally have paid for such materials and services and the fair market value can be determined.

Inventory

Inventory is recorded at the lower of cost and net realizable value and is relieved from inventory on a first-in, first-out basis. Net realizable value is determined using current estimated selling prices less selling costs. The estimated selling price considers management's best estimate of the most probable set of economic conditions.

Inventory consists of product purchased for resale at events including liquor, beverages, and concessions. The sale of inventory during the year resulted in the recognition of expenses aggregating \$225,250 (\$178,130 in 2023). This is recorded in the statement of operations and changes in fund balances in venue operations expense.

Investments

Investments are initially recorded at fair value in the statement of financial position as established by the closing bid price for trading on the recognized exchange on which the investment is listed or principally traded. Interest and dividends on investments are recorded on an accrual basis and realized and unrealized gains and losses are restricted and recognized through deferred contributions in the Capital Replacement Fund.

Tangible capital assets

Arts Commons has leased its land and building from The City of Calgary for \$1 per year until 2040. Construction expenses and tenant improvements made by Arts Commons vest with The City of Calgary. The repair, maintenance and capital replacement of the building are solely the responsibility of Arts Commons. Property of every description is insured for \$222 million.

Purchased tangible capital assets are recorded in the appropriate fund at cost. Contributed tangible capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expenses. Betterments that extend the estimated life of an asset are capitalized. When the asset no longer contributes to Arts Commons' ability to provide services, its carrying amount is written down to its residual value. Amortization expense is recorded as an expense in the appropriate fund.

2. Significant accounting policies (continued)

Tangible capital assets (continued)

Tangible capital assets are amortized on a straight-line basis over the assets' estimated useful lives as follows:

Custom-built computer systems	10 years
Equipment	
Office	5 years
Stage	5 years
Building	20 years
Venue infrastructure	20 years
Leasehold improvements	10 years

Capital development projects are not subject to amortization until the development is complete. At that point, the balance will be allocated to the appropriate asset category and amortized over its estimated useful life.

Tangible capital assets are tested for impairment whenever events or changes in circumstances indicate that an asset can no longer be used as originally expected and its carrying amount may not be fully recoverable. When condition indicates that a tangible asset is impaired, the net carrying amount of the tangible capital asset is written down to the asset's fair value or replacement cost. A write-down of tangible assets shall be accounted for as an expense in the statement of operations and fund balances. A write-down shall not be reversed.

Use of estimates

The preparation of the financial statements in accordance with ASNFPPO 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 revenue and expenses during the reporting period. The most significant of these estimates relate to the allowance for doubtful accounts, net realizable value of inventory, the amortization period for and potential impairment of tangible capital assets, the determination of accrued liabilities and potential contingencies. By their nature, these estimates are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates could be significant. Management reviews its estimates on a periodic basis and, if required, makes adjustments prospectively.

3. Government remittances

Accounting standards require separate disclosure of the amounts of government remittances (other than income taxes) recoverable or payable. Accordingly, an amount of \$261,069 (\$229,716 in 2023) of Goods and Services Tax recoverable as at August 31, 2024 is included in the accounts receivable balance. A total of \$nil (\$nil in 2023) of source deductions payable is included in the accounts payable and accrued liabilities balance.

Arts Commons
Notes to the financial statements
Year ended August 31, 2024

4. Investments

Arts Commons' investments are professionally managed and held in the Capital Replacement Fund and are invested in accordance with the investment policies approved by the board of directors (the "Board"). Investment income is internally restricted by the Board for capital maintenance and replacement. Investments have been recorded at fair market value as follows:

	Cost	2024 Market	Cost	2023 Market
	\$	\$	\$	\$
Capital Replacement Fund managed funds	4,697,715	7,014,427	4,438,259	6,150,349

5. Tangible capital assets

	Cost	Accumulated amortization	2024 Net book value
	\$	\$	\$
Land and building	1	—	1
Custom-built computer systems	782,066	782,066	—
Equipment			
Office	954,699	954,699	—
Stage	9,285,967	8,839,095	446,872
Building	30,131,016	14,268,522	15,862,494
Venue Infrastructure	9,478,753	916,016	8,562,737
Leasehold improvements	8,292,854	7,430,941	861,913
Capital-development projects*	671,306	—	671,306
	59,596,662	33,191,339	26,405,323

	Cost	Accumulated amortization	2023 Net book value
	\$	\$	\$
Land and building	1	—	1
Custom-built computer systems	782,066	782,066	—
Equipment			
Office	954,699	954,699	—
Stage	10,225,048	9,564,508	660,540
Building	28,599,505	12,579,746	16,019,759
Venue Infrastructure	6,528,443	589,594	5,938,849
Leasehold improvements	8,292,854	7,227,412	1,065,442
Capital development projects*	2,542,687	—	2,542,687
	57,925,303	31,698,025	26,227,278

* Capital development projects consist of costs related to work-in-progress on building projects expected to be completed by December 2024. Capital projects are not subject to amortization until the project is substantially complete. At August 31, 2024, Arts Commons had commitments to various contractors relating to these development projects in the amount of \$671,306 (\$2,542,687 in 2023). All commitments will be met during the next 12 months.

6. Deferred contributions

Operating Fund and Capital Campaign Fund

Deferred contributions reported in the Operating Fund and Capital Campaign Fund represent externally restricted donations relating to expenses of future periods. The changes in deferred contributions are as follows:

	2024	2023
	\$	\$
Balance, beginning of year	1,505,141	2,228,703
Contributions	2,161,001	534,770
Less: amounts amortized to revenue	(1,505,141)	(1,258,332)
Balance, end of year	2,161,001	1,505,141

Deferred contributions reported in the Operating and Capital Campaign Funds, which are expected to be recognized as revenue in less than 12 months, totaled \$2,161,001 (\$1,505,141 in 2023).

Capital Replacement Fund

Deferred contributions reported in the Capital Replacement Fund represent the unamortized portion of externally restricted contributions, which have been expended or are expendable on Arts Commons' tangible capital assets, as well as unexpended contributions for the purposes of building improvement, maintenance and replacement or acquisition of tangible capital assets.

The changes in deferred contributions are as follows:

	2024	2023
	\$	\$
Balance, beginning of year	30,357,013	29,490,912
Contributions	2,908,213	2,438,580
Less: amounts amortized to revenue	(2,105,715)	(1,572,479)
Balance, end of year	31,159,511	30,357,013

Included in deferred contributions in the Capital Replacement Fund are unexpended contributions of \$5,829,101 (\$4,897,634 in 2023).

Arts Commons

Notes to the financial statements

Year ended August 31, 2024

7. Grants

The City of Calgary provides operating grants to Arts Commons, which are approved on an annual basis.

Grants received in the year are as follows:

	2024	2023
	\$	\$
Operating Grants		
The City of Calgary - Civic Partners Program	2,812,074	2,514,780
The City of Calgary - Emergency Resiliency Fund	—	212,301
The Government of Alberta - Stabilize Program	—	1,000,000
The Government of Alberta - Stabilize Program - Phase 2	—	75,000
	2,812,074	3,802,081
Programming Grants		
Canadian Heritage - Canada Arts Presentation Fund	110,000	110,000
Canadian Heritage - National Day for Truth and Reconciliation	10,000	—
Canadian Heritage - Re-Engaging Audiences Fund	—	85,000
Alberta Foundation for the Arts	72,000	92,000
Canada Council - Strategic Funds	40,175	100,600
Calgary Downtown Association	10,000	16,000
The City of Calgary - Arts and Culture - Tier 1	10,000	100,000
The City of Calgary - Arts and Culture - Tier 2	19,054	—
The City of Calgary - Downtown Strategy Fund	50,000	—
The SOCAN Foundation	1,500	—
	322,729	503,600
Educations, facilities, and other		
Alberta Gaming, Liquor and Cannabis Commission	84,556	—
Alberta Ethnocultural Stream Grant	45,000	—
Alberta Ethnocultural Job Grant	1,000	—
Alberta Community Initiative Program	75,000	50,000
Noreen Baker Fund	7,000	7,000
Harry & Martha Cohen Foundation	3,500	2,500
Canada Summer Jobs	5,285	9,214
Canada-Alberta Job Grant Program	5,040	18,900
Alberta Jobs Now Program	90,993	91,918
Rosza Foundation	15,000	—
The Calgary Foundation - Endowment	336,929	388,223
Calgary Foundation - Calgary International Children Festival	1,022	1,020
Community Foundations of Canada - Healthy Communities Initiatives	—	37,495
Calgary Arts Development Authority	80,000	56,425
Canada Community Services Recovery Fund	72,500	—
Canada Employment and Social Development	—	8,906
Nickle Family Foundation	45,500	—
Dinner Optimist Club of Calgary	8,000	8,000
Werklund Foundation	85,000	—
	961,325	679,601
Donations in kind	455,308	309,377
	4,551,436	5,294,659

8. Internally restricted fund balance

Arts Commons has established a policy to set aside a certain level of internally restricted funds achieved through current year or cumulative surpluses to be retained to offset any future (projected or unexpected) operating deficiencies or to undertake significant projects or tangible capital asset acquisition, replacement or maintenance. During the current year, the Board internally restricted \$nil (\$nil in 2023) within the Operating Fund and \$24,880 (\$196,569 in 2023) within the Capital Replacement Fund for these purposes.

9. Fundraising expenses

The amounts received pertaining to fundraising activities were as follows:

	2024	2023
	\$	\$
Grants in deferred contributions in the capital Replacement Fund (Note 6)	2,144,143	1,797,242

As required under Section 7(2) of the Alberta Charitable Fundraising Regulation, the following amounts are disclosed:

	2024	2023
	\$	\$
Amounts paid as remuneration to employees whose principal duties involve fundraising	615,967	577,813
Expenses incurred for donations and services in kind	378,268	309,377
Other expenses incurred for the purposes of soliciting contributions	747,817	630,432
	1,742,052	1,517,622

10. Bank indebtedness

Arts Commons has available a line of credit secured by its investment portfolio. The line of credit, which is payable on demand, is approved for a maximum amount of \$2,000,000 and bears interest at Royal Bank Prime plus 0.5% per annum. Royal Bank Prime was 6.70% as at August 31, 2024 (7.20% as at August 31, 2023). As at August 31, 2024 the balance is \$nil (\$nil in 2023). Interest expenses of \$23 (\$89 in 2023) were incurred for using the line of credit during the year.

11. Financial instruments

Arts Commons' financial instruments consist of cash, accounts receivable, investments and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying values.

Arts Commons has exposure to the following risks from its use of financial instruments:

Market risk

Market risk is the risk that changes in market prices as a result of changes in interest rates and stock market fluctuations will affect Arts Commons' results of operations or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while maximizing the return.

11. Financial instruments (continued)

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of interest-bearing financial instruments held by Arts Commons. Arts Commons has holdings in fixed-income securities. As interest rates fluctuate, the fair values of the investments will be impacted.

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment resulting in a financial loss to Arts Commons. Credit risk is managed for Arts Commons' investments by ensuring that they are in accordance with the Statement of Investment Policy established by the Board. The maximum exposure to credit risk on these instruments is their carrying value.

Arts Commons is exposed to credit risk associated with accounts receivable to the extent that its customers or donors may experience financial difficulty and would be unable to meet their obligations. However, Arts Commons has a large number of diverse customers and donors, which minimizes the concentration of credit risk.

Liquidity risk

Liquidity risk is the risk that Arts Commons will not be able to meet its liabilities as they fall due. Arts Commons currently holds enough cash to pay all current liabilities; therefore, Arts Commons' liquidity risk is considered minimal. In addition, Arts Commons aims to retain a sufficient cash position to manage liquidity. Arts Commons' exposure to and management of liquidity risk has not changed materially since August 31, 2022.

12. Interfund balances

Interfund balances are the amounts owed for project management and administrative costs incurred between the three funds during the current year. Any amounts outstanding are non-bearing and have no fixed terms of repayment.

13. Restatement of comparative information

Arts Commons has historically recognized certain ticket surcharges and investment income as deferred contributions within the Capital Replacement Fund in the statement of financial position. During the 2024 year, management determined that externally restricted ticket surcharges, previously expended on tangible capital assets and recognized as deferred contributions, were not explicitly restricted for the purchase of tangible capital assets. In addition, management determined that previously recognized investment income did not maintain explicit external restrictions to support deferral. Given these determinations, the following adjustments were made to the comparative figures presented as at and for the year ended August 31, 2023:

Arts Commons
Notes to the financial statements
Year ended August 31, 2024

13. Restatement of comparative information (continued)

Increase (decrease)	August 31, 2023 As previously stated \$	Adjustment \$	August 31, 2024 As restated \$
Statement of operations and changes in fund balances			
Revenue			
Deferred contributions	3,303,699	(472,888)	2,830,811
Investment income	-	552,116	552,116
Total revenue	17,283,504	79,228	17,362,732
Expenses			
Administration	2,310,443	233,053	2,543,496
Total expenses	17,060,852	233,053	17,293,905
Excess(deficiency) of revenue over expenses	222,652	(153,825)	68,827
Fund balances, beginning of year	1,115,347	1,285,690	2,401,037
Fund balances, end of year	1,337,999	1,131,865	2,469,864
Statement of financial position			
Liabilities			
Current portion of deferred contributions	3,566,026	(2,060,885)	1,505,141
Deferred contributions	29,427,994	929,019	30,357,013
Total liabilities	37,696,071	(1,131,866)	36,564,205
Fund balances			
Invested in tangible capital assets	-	935,296	935,296
Internally restricted	378,000	196,569	574,569
Total fund balances	1,337,999	1,131,865	2,469,864
Statement of cash flows			
Cash flows from operating activities	1,362,312	(2,449,866)	(1,087,554)
Cash flows from financing activities	(457,952)	2,896,532	2,438,580
Cash flows from investing activities	(2,454,699)	(446,666)	(2,901,365)
Net decrease in cash	(1,550,339)	-	(1,550,339)

The adjustments and restated comparative information noted above had no impact on previously reported assets, liabilities, fund balances, revenues or expenses reported within the Operating Fund or Capital Campaign Fund.