

CELEBRATE NL INC.
FINANCIAL STATEMENTS
MARCH 31, 2024

Management's Report

Management's Responsibility for the Celebrate NL Inc. Financial Statements

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.


Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that transactions are properly authorized, assets are safeguarded and liabilities are recognized.

Management is also responsible for ensuring that transactions comply with relevant policies and authorities and are properly recorded to produce timely and reliable financial information.

The Board of Directors are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Board. The Board reviews internal financial information periodically and external audited financial statements yearly.

The Auditor General conducts an independent audit of the annual financial statements of Celebrate NL Inc., in accordance with Canadian generally accepted auditing standards, in order to express an opinion thereon. The Auditor General has full and free access to financial management of Celebrate NL Inc.

On behalf of Celebrate NL Inc.



Ms. Caroline Orsborn
Executive Director



OFFICE OF THE AUDITOR GENERAL
NEWFOUNDLAND AND LABRADOR

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Celebrate NL Inc.
St. John's, Newfoundland and Labrador

Opinion

I have audited the financial statements of Celebrate NL Inc., which comprise the statement of financial position as at March 31, 2024, and the statement of operations, statement of change in net financial assets, and statement of cash flows for the period and the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Celebrate NL Inc. as at March 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of Celebrate NL Inc. in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

Independent Auditor's Report (cont.)

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance.

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 public sector accounting standards, 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 Celebrate NL Inc.'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 cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Celebrate NL Inc.'s financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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.

Independent Auditor's Report (cont.)

- 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 Foundation'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 Foundation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Foundation 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.

I 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 I identify during my audit.



DENISE HANRAHAN, CPA, CMA, MBA, ICD.D
Auditor General

September 19, 2024
St. John's, Newfoundland and Labrador

CELEBRATE NL INC.
STATEMENT OF FINANCIAL POSITION
As at March 31

2024

2023

FINANCIAL ASSETS

Cash	\$ 1,510,492	\$ 6,407,560
Due from the Province of Newfoundland and Labrador (Note 4)	-	500,000
Accounts receivable	19,036	28,731
Harmonized sales tax receivable	42,000	24,085
	1,571,528	6,960,376

LIABILITIES

Accounts payable	4,688	1,575
Accrued salaries and benefits	118,050	114,744
Due to the Province of Newfoundland and Labrador (Note 4)	12,190	12,190
	134,928	128,509

Net financial assets	1,436,600	6,831,867
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Accumulated surplus	\$ 1,436,600	\$ 6,831,867
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Contractual obligations (Note 6)

Signed on behalf of the Corporation:


Chairperson


Member

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

CELEBRATE NL INC.
STATEMENT OF OPERATIONS
For the Year Ended March 31

	2024 Budget	2024 Actual	2023 Actual
	Unaudited (Note 7)		
REVENUES			
Province of Newfoundland and Labrador (Note 4)	\$ 1,000,000	\$ 1,300,000	\$ 1,500,000
Interest revenue	-	283,754	221,200
Sponsorship and advertising revenue	-	70,800	-
Merchandise sales	-	52,695	-
	1,000,000	1,707,249	1,721,200
EXPENSES (Note 8)			
Events	-	6,292,735	110,237
Operating	1,000,000	743,620	579,096
Merchandise	-	66,161	-
	1,000,000	7,102,516	689,333
Annual (deficit) surplus	-	(5,395,267)	1,031,867
Accumulated surplus, beginning of year	6,831,867	6,831,867	5,800,000
Accumulated surplus, end of year	\$ 6,831,867	\$ 1,436,600	\$ 6,831,867

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

CELEBRATE NL INC.
STATEMENT OF CASH FLOWS
For the Year Ended March 31

	2024	2023
Operating transactions		
Annual (deficit) surplus	\$ (5,395,267)	\$ 1,031,867
	(5,395,267)	1,031,867
Change in non-cash working capital		
Due from the Province of Newfoundland and Labrador	500,000	5,300,000
Accounts receivable	9,695	(28,731)
Harmonized sales tax receivable	(17,915)	(24,085)
Accounts payable	3,113	1,575
Accrued salaries and benefits	3,306	114,744
Due to the Province of Newfoundland and Labrador	-	12,190
Cash (applied to) provided from operating transactions	(4,897,068)	6,407,560
(Decrease) increase in cash	(4,897,068)	6,407,560
Cash, beginning of year	6,407,560	-
Cash, end of year	\$ 1,510,492	\$ 6,407,560

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

1. Nature of operations

Celebrate NL Inc. (the Corporation) is a Crown entity of the Province of Newfoundland and Labrador that was established on March 7, 2022. The Board of Directors are appointed by the Lieutenant-Governor in Council and consists of five positions internal to Government. The Board reports to the Minister of Tourism, Culture, Arts and Recreation.

The Minister of Tourism, Culture, Arts and Recreation holds 100 per cent of the issued common shares of the Corporation on behalf of the Province of Newfoundland and Labrador. Currently, there are 500 authorized common shares of no par value with 500 shares issued.

Pursuant to its by-laws, the Corporation has responsibility of leading the development of the Province's event strategy and attracting, supporting and delivering major celebrations and special events.

The Corporation is a Crown entity and as such, is not subject to Provincial or Federal Income taxes.

2. Summary of significant accounting policies

(a) Basis of accounting

The Corporation is classified as an Other Government Organization as defined by Canadian Public Sector Accounting Standards (CPSAS). The Corporation's management prepared these financial statements in accordance with CPSAS for provincial reporting entities established by the Canadian Public Sector Accounting Board. The Corporation does not prepare a statement of change in net financial assets as this information is readily apparent from the other statements. The Corporation does not prepare a statement of remeasurement gains and losses as they have not entered into relevant transactions or circumstances that are being addressed by the statement. Outlined below are the significant accounting policies followed.

(b) Financial instruments

The Corporation's financial instruments recognized on the statement of financial position consist of cash, accounts receivable, harmonized sales tax receivable, accounts payable, accrued salaries and benefits and due to the Province of Newfoundland and Labrador. The Corporation generally recognizes a financial instrument when it enters into a contract which creates a financial asset or financial liability. Financial assets and financial liabilities are initially measured at cost, which is the fair value at the time of acquisition. The Corporation subsequently measures all of its financial assets and financial liabilities at cost.

2. Summary of significant accounting policies (cont.)

(b) Financial instruments (cont.)

The carrying values of cash, harmonized sales tax receivable, accounts receivable, accounts payable, accrued salaries and benefits and due to the Province of Newfoundland and Labrador, approximate fair value due to their nature and/or short-term maturity associated with these instruments.

Interest income attributable to financial instruments is reported on the statement of operations.

(c) Cash

Cash includes cash in the bank.

(d) Employee future benefits

The employees of the Corporation are subject to the Public Service Pensions Act, 2019. Employee contributions are matched by the Corporation and remitted to Provident¹⁰ from which pensions will be paid to employees when they retire. This plan is a multi-employer defined benefit plan, providing a pension on retirement based on the member's age at retirement, length of service and the average of their best six years of earnings for service on or after January 1, 2015. For service before January 1, 2015, the higher of the average of the frozen best five years of earnings up to January 1, 2015, or the average of the best six years of earnings for all service.

The matched contributions paid by the Corporation are recorded as an expense for the year.

(e) Revenues

Revenues are recorded on an accrual basis in the period in which the transactions or events, which gave rise to the revenues occurred. When the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable, revenues are recorded when received.

The Corporation recognizes government transfers as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation related to the liabilities are settled. Government transfers consist of funding from the Province of Newfoundland and Labrador.

Interest revenue is recorded on an accrual basis as earned.

2. Summary of significant accounting policies (cont.)

(e) Revenues (cont.)

Exchange transactions are transactions where goods or services are provided to a payor for consideration. These transactions include performance obligations for the Corporation arising directly from a payment or promise of consideration by a payor. These transactions are not necessarily exchanges of fair or equal value.

The Corporation's merchandise sales and sponsorship and advertising revenues are exchange transactions, with performance obligations. Merchandise sales consist of one performance obligation that is satisfied at a point in time. These revenues are recognized when or as the goods are delivered to the customer. Sponsorship and advertising consist of multiple performance obligations that occur throughout the term of the arrangement based on key milestones set out in the agreement. Revenue under these agreements is recognized over time as each milestone is completed. Revenue received in advance of the service are included in unearned revenue and recognized as revenue as each milestone is completed.

(f) Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is recorded as an expense. Government transfers are recognized as expenses in the period in which the transfer is authorized and all eligibility criteria have been met. Government transfers include grants and subsidies under the Corporations programs including those directed by the Province.

3. Employee future benefits

The Corporation and its employees are subject to the Public Service Pension Plan (the Plan) in accordance with the Public Service Pensions Act, 2019 (the Act). The Plan is administered by Provident10, including payment of pension benefits to employees to whom the Act applies.

The Plan provides a pension based on the age of its members at retirement, length of service and rates of pay. The maximum contribution rate for eligible employees was 11.85% (2023 - 11.85%). The Corporation contributes an amount equal to the employee contributions to the Plan. Total pension expense for the Corporation for the year ended March 31, 2024 was \$46,586 (2023 - \$32,395).

4. Related party transactions

- (a) The Corporation receives grant funding from the Province of Newfoundland and Labrador, which supports operations and programs. During the year, the Corporation received grants of \$1,300,000 (2023 - \$1,000,000) and was owed grants of \$0 (2023 - \$500,000). These transactions are in the normal course of business measured at the exchange amount.
- (b) The Corporation leases office space from the Province of Newfoundland and Labrador at an annual rate of \$1. Within this arrangement, the Corporation also avails of office equipment, information technology services and legal services.
- (c) Due to the Province of Newfoundland and Labrador include \$12,190 (2023 - \$12,190) though the normal course of business measured at the exchange amount.
- (d) Event grant expense was paid to the following Crown Corporations:
 - Newfoundland and Labrador Film Development Corporation (operating as Picture NL); \$81,500 (2023 - \$20,343)
 - The Rooms Corporation; \$50,000
 - Newfoundland and Labrador Arts Council (operating as Arts NL), \$2,025,000

These transactions are in the normal course of business measured at the exchange amount.

5. Financial risk management

The Corporation recognizes the importance of managing risks and this includes policies and procedures and oversight designed to reduce risks identified to an appropriate threshold. The risks that the Corporation is exposed to through its financial risks are credit risk, liquidity risk and market risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Corporation's main credit risk relates to cash, harmonized sales tax receivable, and accounts receivable. The Corporation's maximum exposure to credit risk is the carrying amounts of these financial instruments. The Corporation is not exposed to significant credit risk with cash because this instrument is held with a chartered bank. The Corporation is not exposed to significant credit risk related to its harmonized sales tax receivable as this amount is due from the Federal Government. The Corporation is not exposed to significant credit risk with its accounts receivable as it is composed of bank interest receivable which is not a significant credit risk because of their nature. Accordingly, there is no allowance for doubtful accounts as all amounts are considered collectible.

5. Financial risk management (cont.)

Liquidity risk

Liquidity risk is the risk that the Corporation will be unable to meet its financial liabilities and contractual obligations. The Corporation's exposure to liquidity risk relates mainly to its accounts payable, accrued salaries and benefits and due to the Province of Newfoundland and Labrador. The Corporation manages liquidity risk by monitoring its cash flows and ensuring that it has sufficient resources available to meet its financial liabilities and contractual obligations.

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 (foreign exchange) risk, interest rate and other price risk. The Corporation is not exposed to significant foreign exchange risk or other price risk. The Corporation is not exposed to significant interest rate risk, as it has no investments.

6. Contractual obligations

The Corporation has committed the following fund for the subsequent year:

	Total <u>Contract</u>	<u>Outstanding</u>
Grand Slam of Curling	\$ 97,750	\$ 97,750
Music Industry of Newfoundland and Labrador Inc. (operating as Music NL))	750,000	75,000
Theatrical Arts Education of Canada	122,003	47,179
Music Industry of Newfoundland and Labrador Inc. (operating as Music NL)	300,000	30,000
Newfoundland and Labrador Folk Arts Society Inc.	193,105	19,311
Music Industry of Newfoundland and Labrador Inc. (operating as Music NL)	150,000	15,000
Event Atlantic Society	31,200	10,400
Business and Arts NL Inc.	100,000	10,000
Craft Council of Newfoundland and Labrador Inc.	100,000	10,000
Canadian Folk Music Awards	63,500	6,350
Newfoundland and Labrador Folk Arts Society Inc.	50,000	5,000
St. John's Fashion Week Inc.	50,000	5,000
First Light St. John's Friendship Centre Inc.	44,205	4,421
Business and Arts NL Inc.	30,000	3,000
Newfoundland Dance Presenters Inc.	20,000	2,000
Kiwanis Music Festival Association of St. John's	4,500	450
	\$ 2,106,263	\$ 340,861

These amounts are subject to approval and project completion.

7. Budgeted figures

The Corporation's budget is prepared on a cash basis and approved by the Corporation's management. Budgeted figures included in the financial statements are not audited.

8. Expenses by object

The following is a summary of expenses by object:

	2024 <u>Budget</u> Unaudited (Note 7)	2024 <u>Actual</u>	2023 <u>Actual</u>
Grants and subsidies	\$ -	\$6,292,735	\$ 110,237
Professional services	75,000	18,460	21,693
Purchased services	116,625	126,045	23,576
Salaries and benefits	616,155	619,174	500,612
Travel	192,220	46,102	33,215
	\$ 1,000,000	\$7,102,516	\$ 689,333

9. Change in significant accounting policies

On April 1, 2023, the Corporation adopted PS 3400 Revenue. This Section establishes standards on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations, referred to as “exchange transactions”, and transactions that do not have performance obligations, referred to as “non-exchange transactions”. The Corporation’s policy for revenue can be found in note 2 (e).

Adoption of PS 3400 did not result in any significant changes to the Corporation’s revenue recognition. The section was adopted prospectively, requiring no changes to comparative figures.

10. Comparative figures

Certain comparative amounts have been reclassified to conform to the current year’s presentation.