

Saskatchewan Filmpool Co-operative

Financial Statements

March 31, 2014

Saskatchewan FilmPool Co-operative

Financial Statements

March 31, 2014

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Management Responsibility Statement

The management of Saskatchewan Filmpool Co-operative is responsible for preparing the financial statements, the notes to the financial statements and other financial information contained in this annual report.

Management prepares the financial statements in accordance with Canadian accounting standards for not-for-profit organizations. The financial statements are considered by management to present fairly the Co-operative's financial position and results of operations.

The Co-operative, in fulfilling its responsibilities, has developed and maintains a system of internal accounting controls designed to provide reasonable assurance that co-operative's assets are safeguarded from loss or unauthorized use, and that the records are reliable for preparing the financial statements.

The financial statements have been reported on by Crowe MacKay LLP, Chartered Accountants, the co-operatives' auditors. Their report outlines the scope of their examination and their opinion on the financial statements.

Executive Director
June 22, 2014

Independent Auditors' Report

To the Directors of Saskatchewan Filmpool Co-operative

We have audited the accompanying financial statements of Saskatchewan Filmpool Co-operative, which comprise the statement of financial position as at March 31, 2014, and the statements of operations, changes in net assets 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Co-operative's preparation and fair presentation of the financial statements 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 Co-operative's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Saskatchewan Filmpool Co-operative as at March 31, 2014, 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.

Regina, Canada
June 22, 2014



Chartered Accountants

Saskatchewan Filmpool Co-operative

Statement of Operations

| For the year ended March 31, | 2014 | 2013 |
|---|------------------|--------------------|
| Revenues | | |
| Operating Grants | \$ 166,855 | \$ 162,755 |
| Special Project Grants | - | 1,105 |
| Project Grants | 28,000 | 40,819 |
| Donations | 20,000 | 1,362 |
| Award - Saskatchewan Arts Board | 5,000 | - |
| Sponsorships | 8,001 | 5,500 |
| Member dues | 5,216 | 5,575 |
| Equipment and space rental | 3,112 | 4,642 |
| Workshop Registration | 3,094 | 5,912 |
| Fundraising | 780 | 1,139 |
| Recoveries from members | 659 | - |
| Splice Magazine | 345 | 340 |
| Interest revenue | 274 | - |
| Other | 1,099 | 793 |
| | 242,435 | 229,942 |
| Expenditures | | |
| Film exhibition | 11,726 | 7,120 |
| Film production | 3,960 | 9,429 |
| General and administrative | 17,793 | 19,087 |
| Occupancy | 31,438 | 37,654 |
| Personnel | 122,153 | 130,666 |
| Splice Magazine | 3,226 | 4,198 |
| Travel | 3,910 | 2,335 |
| Workshops and seminars | 9,941 | 21,824 |
| | 204,147 | 232,313 |
| Excess (deficiency) of revenues over expenditures before other items | 38,288 | (2,371) |
| Other income (expense) | | |
| Amortization | (11,652) | (28,542) |
| Amortization of Capital Grants | 7,156 | 17,844 |
| | (4,496) | (10,698) |
| Excess (deficiency) of revenues over expenditures | \$ 33,792 | \$ (13,069) |

Saskatchewan Filmpool Co-operative

Statement of Changes in Net Assets

| | Balance, beginning of year | Transfer | Excess (deficiency) of revenues over expenditures | 2014 Balance, end of year |
|-----------------------|----------------------------------|-------------|---|---------------------------------|
| Available Net Assets | \$ 85,866 | \$ (4,496) | \$ 38,288 | \$ 119,658 |
| Invested in equipment | - | 4,496 | (4,496) | - |
| | \$ 85,866 | \$ - | \$ 33,792 | \$ 119,658 |

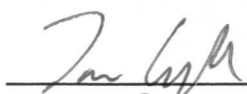
| | Balance, beginning of year | Transfer | Deficiency of revenues over expenditures | 2013 Balance, end of year |
|-----------------------|----------------------------------|-------------|--|---------------------------------|
| Available Net Assets | \$ 98,935 | \$ (10,698) | \$ (2,371) | \$ 85,866 |
| Invested in equipment | - | 10,698 | (10,698) | - |
| | \$ 98,935 | \$ - | \$ (13,069) | \$ 85,866 |

Saskatchewan Filmpool Co-operative

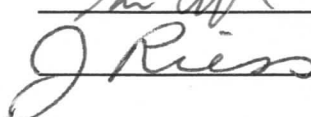
Statement of Financial Position

| March 31, | 2014 | 2013 |
|--|-------------------|-------------------|
| Assets | | |
| Current | | |
| Cash | | |
| Operating cash | \$ 183,356 | \$ 100,748 |
| Cash designated for equipment | - | 22,066 |
| Short term investment | 20,000 | - |
| Accounts receivable | 7,871 | 1,288 |
| GST receivable | 1,642 | 1,630 |
| Prepaid expenses | 1,321 | 6,385 |
| | 214,190 | 132,117 |
| Equipment (note 3) | 118,079 | 86,509 |
| | \$ 332,269 | \$ 218,626 |
| Liabilities | | |
| Current | | |
| Accounts payable and accrued liabilities | \$ 50,460 | \$ 20,113 |
| Deposit | 4,072 | 4,072 |
| Deferred revenue | 40,000 | - |
| | 94,532 | 24,185 |
| Deferred capital grants (note 4) | 118,079 | 108,575 |
| | 212,611 | 132,760 |
| Fund balances | | |
| Available Net Assets | 119,658 | 85,866 |
| Investment in equipment | - | - |
| | 119,658 | 85,866 |
| | \$ 332,269 | \$ 218,626 |

Approved on behalf of the board:



Member



Member

Saskatchewan Filmpool Co-operative

Statement of Cash Flows

| For the year ended March 31, | 2014 | 2013 |
|---|-------------------|-------------------|
| Operating activities | | |
| Cash from grants and award | \$ 239,855 | \$ 204,579 |
| Cash receipts from enterprise and fundraising | 35,711 | 25,062 |
| Cash paid to suppliers | (46,345) | (107,909) |
| Cash paid to personnel | (122,153) | (130,666) |
| Interest received | 37 | - |
| | 107,105 | (8,934) |
| Financing activity | | |
| Funds received for capital grants | 16,660 | 17,615 |
| Investing activities | | |
| Purchase of equipment | (43,223) | (16,870) |
| Purchase of marketable securities | (20,000) | - |
| | (63,223) | (16,870) |
| Increase (decrease) in cash | 60,542 | (8,189) |
| Cash, beginning of year | 122,814 | 131,003 |
| Cash, end of year | \$ 183,356 | \$ 122,814 |

Saskatchewan Filmpool Co-operative

Notes to the Financial Statements

March 31, 2014

1. Nature of operations

Saskatchewan Filmpool Co-operative is a not-for-profit organization incorporated under the Co-Operatives Act of Saskatchewan. The Co-operative was formed to promote and assist independent motion picture productions by providing related services to its members. The Co-operative is a registered charity under the Income Tax Act.

2. Significant accounting policies

The Co-operative applies the Canadian accounting standards for not-for-profit enterprises.

(a) Revenue recognition

The Co-operative follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Investment income includes dividends and interest income recorded on the accrual basis, as well as realized investment gains and losses and unrealized gains and losses on financial instruments subsequently measured at fair value. Investment income is included in the statement of operations, deferred or reported directly in net assets depending on the nature of any external restrictions imposed on the investment income.

Revenue from the sale of services is recognized upon provision of the services to the purchaser.

(b) Equipment

Equipment is recorded at cost. The Co-operative provides for amortization using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives, as set out below.

When equipment is sold or retired, the related cost and accumulated amortization are removed from the accounts and any gain or loss is charged against earnings in the period.

Equipment

15 years Straight-line

Saskatchewan Filmpool Co-operative

Notes to the Financial Statements

March 31, 2014

2. Significant accounting policies (continued)

(c) Financial instruments

Financial assets originated or acquired or financial liabilities issued or assumed in an arm's length transaction are initially measured at their fair value. In the case of a financial asset or financial liability not subsequently measured at its fair value, the initial fair value is adjusted for financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption. Such fees and costs in respect of financial assets and liabilities subsequently measured at fair value are expensed.

The Co-operative subsequently measures the following financial assets and financial liabilities at amortized cost:

Financial assets measured at amortized cost include cash, accounts receivable, marketable securities and prepaids.

Financial liabilities measured at amortized cost include accounts payable and unearned revenue.

At the end of each reporting period, management assesses whether there are any indications that financial assets measured at cost or amortized cost may be impaired. If there is an indication of impairment, management determines whether a significant adverse change has occurred in the expected timing or the amount of future cash flows from the asset, in which case the asset's carrying amount is reduced to the highest expected value that is recoverable by either holding the asset, selling the asset or by exercising the right to any collateral. The carrying amount of the asset is reduced directly or through the use of an allowance account and the amount of the reduction is recognized as an impairment loss in operations. Previously recognized impairment losses may be reversed to the extent of any improvement. The amount of the reversal, to a maximum of the related accumulated impairment charges recorded in respect of the particular asset, is recognized in operations.

(d) Measurement uncertainty

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 and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

Saskatchewan Filmpool Co-operative

Notes to the Financial Statements

March 31, 2014

3. Equipment

| | 2014 | | | 2013 |
|------------------------|------------|--------------------------|----------------|----------------|
| | Cost | Accumulated amortization | Net book value | Net book value |
| Equipment | \$ 459,608 | \$ 341,529 | \$ 118,079 | \$ 86,509 |
| Equipment consists of: | | | | |
| Camera equipment | \$ 118,752 | \$ 88,548 | \$ 30,204 | \$ 31,797 |
| Sound equipment | 49,651 | 37,145 | 12,506 | 23,189 |
| Production equipment | 256,107 | 180,738 | 75,369 | 21,656 |
| Office equipment | 35,098 | 35,098 | - | 9,867 |
| | \$ 459,608 | \$ 341,529 | \$ 118,079 | \$ 86,509 |

4. Deferred capital grants

| | 2014 | 2013 |
|---------------------------------|------------|------------|
| Balance, beginning of year | \$ 108,575 | \$ 108,804 |
| Additional funds received | 38,726 | 17,615 |
| | 147,301 | 126,419 |
| Amount recognized in operations | (7,156) | (17,844) |
| Grants repaid | (22,066) | - |
| Balance, end of year | \$ 118,079 | \$ 108,575 |

Saskatchewan Filmpool Co-operative

Notes to the Financial Statements

March 31, 2014

5. 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) Fair value

The fair value of current financial assets and current financial liabilities approximates their carrying value due to their short-term maturity dates. The fair value of long-term financial liabilities approximates their carrying value based on the presumption that the Co-operative is a going concern and thus expects to fully repay the outstanding amounts.

(b) Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether the factors are specific to the instrument or all instruments traded in the market. The Co-operative minimizes the market risk by investing in GICs which are conservative investments with low market risk.

(c) Credit risk

The Co-operative does have credit risk in accounts receivable of \$7,871 (2013 - \$1,288). 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 Co-operative reduces its exposure to credit risk by creating an allowance for bad debts when applicable. In the opinion of management the credit risk exposure to the Co-operative is low and is not material.

(d) Liquidity risk

The Co-operative does have a liquidity risk in the accounts payable and accrued liabilities of \$50,460 (2013 - \$20,113). Liquidity risk is the risk that the Co-operative cannot repay its obligations when they become due to its creditors. The Co-operative reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due. In the opinion of management the liquidity risk exposure to the Co-operative is low and is not material.

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Notes to the Financial Statements

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6. **Lease commitments**

The Co-operative rents office space under an operating lease expiring on November 30, 2015.

The Co-operative's total annual minimum lease payments are as follows:

| | | |
|------|----|--------|
| 2015 | \$ | 27,310 |
| 2016 | | 18,207 |
| | | <hr/> |
| | \$ | 45,517 |

7. **Change in estimates**

During the year the co-operative changed the estimated carrying amount of capital assets in the amount of \$8,432 which increased the current year amortization. This is not expected to have an effect on future periods.