

The Saskatchewan Filmpool Co-operative

Financial Statements

For the year ended March 31, 2017

## Management's Responsibility for the Financial Statements

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The accompanying financial statements of The Saskatchewan Filmpool Co-operative have been prepared by the organization's management in accordance with Canadian accounting standards for not-for-profit organizations and necessarily include some amounts based on informed judgement and management estimates.

To assist management in fulfilling its responsibilities, a system of internal controls has been established to provide reasonable assurance that the financial statements are accurate and reliable and that assets are safeguarded.

The board of directors has reviewed and approved these financial statements.

These financial statements have been examined by the independent auditors, Virtus Group LLP, and their report is presented separately.



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Executive Director



## INDEPENDENT AUDITORS' REPORT

### To the Members

We have audited the accompanying financial statements of The Saskatchewan Filmpool Co-operative which comprise the statement of financial position as at March 31, 2017 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 of 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those assessments, the auditor considers internal control relevant to the organization'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 organization'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 to provide a basis for our qualified audit opinion.

#### *Basis for Qualified Opinion*

In common with many non-profit organizations, The Saskatchewan Filmpool Co-operative derives revenues from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of revenue was limited to accounting for amounts recorded in the records of the Organization. As a result, we were not able to determine whether any adjustments might be necessary in respect of revenues, assets, liabilities or net assets.

#### *Qualified Opinion*

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of revenues as referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2017 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.

June 4, 2017  
Regina, Saskatchewan

**VIRTUS GROUP LLP**  
Chartered Professional Accountants


# The Saskatchewan Filmpool Co-operative


## Statement of Financial Position As at March 31, 2017 with comparative figures for 2016

	2017	2016
<b>Current assets</b>		
Cash (Note 3)	\$ 119,333	\$ 126,259
Accounts receivable	-	4,029
GST receivable	1,707	1,753
Prepaid expenses	1,313	1,818
	<u>122,353</u>	<u>133,859</u>
<b>Tangible capital assets (Note 4)</b>	<u>119,958</u>	<u>115,722</u>
	<u>\$ 242,311</u>	<u>\$ 249,581</u>
<b>Current liabilities</b>		
Accounts payable	\$ 19,693	\$ 20,579
Deposits	2,100	2,100
Deferred revenue	-	458
	<u>21,793</u>	<u>23,137</u>
<b>Deferred capital grants (Note 5)</b>	<u>117,233</u>	<u>117,232</u>
	<u>139,026</u>	<u>140,369</u>
<b>Net assets</b>		
Invested in tangible capital assets	2,725	-
Unrestricted surplus	<u>100,560</u>	<u>109,212</u>
	<u>103,285</u>	<u>109,212</u>
	<u>\$ 242,311</u>	<u>\$ 249,581</u>
Lease commitments (Note 6)		

See accompanying notes to the financial statements

Approved on behalf of the board of directors:

  
 \_\_\_\_\_ Director

  
 \_\_\_\_\_ Director

# The Saskatchewan Filmpool Co-operative

## Statement of Operations

For the year ended March 31, 2017 with comparative figures for 2016

	2017	2016
<b>Revenue</b>		
Operating grants		
Canada Council for the Arts	\$ 61,201	\$ 61,201
Saskatchewan Arts Board	110,675	110,675
	<u>171,876</u>	<u>171,876</u>
Project grants		
City of Regina	8,500	8,500
Saskatchewan Arts Board	-	20,000
Other	-	5,200
	<u>8,500</u>	<u>33,700</u>
Donations	1,230	65
Equipment and space rental	8,488	9,771
Fundraising	-	963
Member dues	5,996	6,018
Miscellaneous	601	585
Saskatchewan Independent Film Awards	10,202	5,222
Sponsorships	5,500	7,500
Workshop registrations	6,970	3,813
	<u>38,987</u>	<u>33,937</u>
<b>Total revenue</b>	<u>219,363</u>	<u>239,513</u>
<b>Expenses</b>		
Personnel (Schedule 1)	137,456	150,430
Occupancy (Schedule 2)	39,097	37,900
General and administrative (Schedule 3)	18,034	21,311
Workshops and seminars (Schedule 4)	9,837	7,433
Film production	7,730	7,360
Film presentation (Schedule 5)	5,165	4,878
Saskatchewan Independent Film Awards	7,430	4,948
Splice productions	1,472	3,302
Special projects (Schedule 6)	907	6,585
Currency exchange	61	-
<b>Total expenses</b>	<u>227,189</u>	<u>244,147</u>
<b>(Deficiency) of revenue over expenses before the following:</b>	(7,826)	(4,634)
<b>Other revenue (expenses)</b>		
Amortization of capital grants	15,999	17,999
Amortization of tangible capital assets	(14,100)	(19,541)
<b>Total other revenue (expenses)</b>	<u>1,899</u>	<u>(1,542)</u>
<b>(Deficiency) of revenue over expenses</b>	<u>\$ (5,927)</u>	<u>\$ (6,176)</u>

See accompanying notes to the financial statements

# The Saskatchewan Filmpool Co-operative

## Statement of Changes in Net Assets

For the year ended March 31, 2017 with comparative figures for 2016

	Invested in tangible capital assets	Unrestricted surplus	Total 2017	Total 2016
Balance, beginning of year	\$ -	\$ 109,212	109,212	\$ 115,388
Excess (deficiency) of revenue over expenses	1,899	(7,826)	(5,927)	(6,176)
Amortization of capital grants	(15,999)	15,999	-	-
Amortization of tangible capital assets	14,100	(14,100)	-	-
Transfer	2,725	(2,725)		
	<u>\$ 2,725</u>	<u>\$ 100,560</u>	<u>\$ 103,285</u>	<u>\$ 109,212</u>

See accompanying notes to the financial statements

# The Saskatchewan Filmpool Co-operative

## Statement of Cash Flows

For the year ended March 31, 2017 with comparative figures for 2016

	2017	2016
<b>Cash provided by (used in) operating activities:</b>		
(Deficiency) of revenue over expenses	\$ (5,927)	\$ (6,176)
Amortization of tangible capital assets	(15,999)	(17,999)
Amortization of deferred capital grants	14,100	19,541
<b>Net change in non-cash working capital items:</b>		
Accounts receivable	4,029	(4,029)
GST receivable	46	1,358
Prepaid expenses	505	2,901
Accounts payable and accrued liabilities	(886)	(18,684)
Deferred revenue	(458)	(28,257)
	<u>(4,590)</u>	<u>(51,345)</u>
<b>Cash provided by (used in) investing activities:</b>		
Additions to tangible capital assets	(18,336)	(15,571)
	<u>(18,336)</u>	<u>(15,571)</u>
<b>Cash provided by (used in) financing activities:</b>		
Additions to capital grants	16,000	14,925
	<u>16,000</u>	<u>14,925</u>
<b>(Decrease) in cash during year</b>	(6,926)	(51,991)
<b>Cash position, beginning of the year</b>	126,259	178,250
<b>Cash position, end of year</b>	<u>\$ 119,333</u>	<u>\$ 126,259</u>

See accompanying notes to the financial statements.

**The Saskatchewan Filmpool Co-operative**  
**Notes to the Financial Statements**  
For the year ended March 31, 2017 with comparative figures for 2016

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**1. Nature of operations**

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

**2. Significant accounting policies**

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

**(a) 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 amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in operation in the period in which they become known.

**(b) 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 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. Endowment contributions are recognized as direct increases in net assets.

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 restriction imposed on the investment income.

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

**(c) Equipment**

Equipment is recorded at cost. The organization provides for amortization on a straight line basis over the equipment's estimated useful life of 15 years. Deferred capital grants applicable to the equipment is amortized over 15 years and recognized as revenue as the amortization expense is recorded.

Other capital purchases are expensed in the year purchased.



**The Saskatchewan Filmpool Co-operative**  
**Notes to the Financial Statements**  
For the year ended March 31, 2017 with comparative figures for 2016

**2. Significant accounting policies (continued)**

**(d) Financial Instruments – recognition and measurement**

Financial assets and financial liabilities are recorded on the Statement of Financial Position when the organization becomes a party to the contractual provisions of the financial instrument. All financial instruments are required to be recognized at fair value upon initial recognition. Measurement in subsequent periods of equity of financial instruments is at fair value. All other financial assets and financial liabilities are subsequently measured at amortized cost adjusted by transaction costs, which are amortized over the expected life of the instrument. Fair value is the amount at which a financial instrument could be exchanged at arm's length between willing, unrelated parties in an open market. Change in fair values of financial assets and liabilities measured at fair value are recognized in excess of revenue over expenses.

When there is an indication of impairment and such impairment is determined to have occurred, the carrying amount of financial assets measured at amortized cost is reduced to the greater of the discounted cash flows expected or the proceeds that could be realized from sale of the financial asset. Such impairments can be reversed if the value subsequently improves.

**3. Cash**

The organization has a Conexus Credit Union revolving line of credit in the amount of \$5,000 bearing interest at prime plus 4% and secured by a general security agreement. The amount outstanding at the end of the year was \$nil (2016 - \$nil).

**4. Tangible capital assets**

	2017		2016	
	Cost	Accumulated Depreciation	Net book value	Net book value
Camera equipment	\$ 118,752	\$ 98,661	\$ 20,091	\$ 23,461
Office equipment	2,724	2,724	-	-
Sound equipment	53,486	42,193	11,293	11,679
Production equipment	302,500	213,926	88,574	80,582
	<u>\$ 477,462</u>	<u>\$ 357,504</u>	<u>\$ 119,958</u>	<u>\$ 115,722</u>

**5. Deferred capital grants**

	2017	2016
Balance, beginning of year	\$ 117,232	\$ 120,306
Additions during the year:		
Canada Council for the Arts	16,000	14,925
	<u>133,232</u>	<u>135,231</u>
Amount recognized in operations	(15,999)	(17,999)
Balance, end of year	<u>\$ 117,233</u>	<u>\$ 117,232</u>

**The Saskatchewan Filmpool Co-operative**  
**Notes to the Financial Statements**  
For the year ended March 31, 2017 with comparative figures for 2016

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**6. Lease commitments**

The organization leases premises and equipment under agreements requiring future payments as follows:

	Premise	Equipment
2018	\$ 19,346	\$ 1,695
2019	-	1,695
2020	-	848
2021	-	-
	<u>\$ 19,346</u>	<u>\$ 4,238</u>

**7. Economic dependence**

The organization receives the majority of its revenue through two funding agreements from government agencies. The organization's continued operations are dependent on maintaining these funding agreements.

**8. Financial risk management**

The organization has a risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The significant risks to which the organization is exposed are:

**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 organization is exposed to credit risk on the accounts receivable from its customers and members, however, does not have a significant exposure to any individual customer or member.

**Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization's exposure to liquidity risk is dependent on the receipt of funds from its operations, external funders and contributors and other related sources. Funds from these sources are primarily used to finance working capital and capital expenditure requirements, and are considered adequate to meet the organization's financial obligations.

# The Saskatchewan Filmpool Co-operative

## Schedule of Expenses

For the year ended March 31, 2017 with comparative figures for 2016

	2017	2016
<b>Schedule 1 - Personnel</b>		
Canada Pension Plan	\$ 5,552	\$ 5,852
Employment Insurance	2,853	3,355
Group Insurance	8,062	6,615
Wages	120,756	134,318
Workers Compensation	233	290
	<u>\$ 137,456</u>	<u>\$ 150,430</u>
<b>Schedule 2 - Occupancy</b>		
Rent	\$ 29,638	\$ 29,150
Maintenance	1,429	587
Office equipment	2,445	2,226
Utilities	5,585	5,937
	<u>\$ 39,097</u>	<u>\$ 37,900</u>
<b>Schedule 3 - General and administrative</b>		
Advertising and other costs	\$ 1,561	\$ 3,148
Bad debts	-	245
Complimentary member dues	-	600
Facility maintenance	1,445	639
Interest and bank charges	865	297
Insurance	5,443	5,871
Office Supplies	978	1,468
Organizational membership fees	441	390
Postage	790	788
Professional fees	6,511	7,865
	<u>\$ 18,034</u>	<u>\$ 21,311</u>
<b>Schedule 4 - Workshops, seminars and projects</b>		
Advanced Workshops	\$ 2,564	\$ 2,541
Basic Workshops	1,508	743
Equipment deposits	-	262
Equipment repairs	1,235	730
Member supplies	329	239
Other film productions	1,845	1,919
Seminars and Conferences	2,235	687
Special Projects	121	312
	<u>\$ 9,837</u>	<u>\$ 7,433</u>

See accompanying notes to the financial statements

# The Saskatchewan Filmpool Co-operative

## Schedule of Expenses

For the year ended March 31, 2017 with comparative figures for 2016

	<u>2017</u>	<u>2016</u>
<b>Schedule 5 - Film presentation</b>		
Honoraria to film makers	\$ 1,549	\$ 2,487
Publicity and Promotional	3,366	2,191
Visiting Artist Travel	250	200
	<u>\$ 5,165</u>	<u>\$ 4,878</u>
<b>Schedule 6 - Special projects</b>		
Major Projects	\$ 500	-
Saskatchewan Arts Board - Expanded Cinema	-	6,582
Printing and advertising 40th anniversary	407	3
	<u>\$ 907</u>	<u>\$ 6,585</u>

See accompanying notes to the financial statements