

# The Saskatchewan Filmpool Co-operative

## Financial Statements

For the year ended March 31, 2018

## 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 The Saskatchewan Filmpool Co-operative

We have audited the accompanying financial statements of The Saskatchewan Filmpool Co-operative which comprise the statement of financial position as at March 31, 2018 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 opi

#### *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, 2018 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 10, 2018  
Regina, Saskatchewan

**VIRTUS GROUP LLP**  
Chartered Professional Accountants

**The Saskatchewan FilmPool Co-operative**

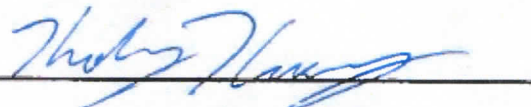
**Statement of Financial Position**  
As at March 31, 2018 with comparative figures for 2017

	<u>2018</u>	<u>2017</u>
<b>Current assets</b>		
Cash (Note 3)	\$ 133,813	\$ 119,333
GST receivable	1,840	1,707
Prepaid expenses	1,719	1,313
	<u>137,372</u>	<u>122,353</u>
<b>Tangible capital assets (Note 4)</b>	<u>125,731</u>	<u>119,958</u>
	<u>\$ 263,103</u>	<u>\$ 242,311</u>
<b>Current liabilities</b>		
Accounts payable	\$ 8,512	\$ 19,693
Deposits	660	2,100
	<u>9,172</u>	<u>21,793</u>
<b>Deferred capital grants (Note 5)</b>	<u>119,370</u>	<u>117,233</u>
	<u>128,542</u>	<u>139,026</u>
<b>Net assets</b>		
Invested in tangible capital assets	6,361	2,725
Unrestricted surplus	128,200	100,560
	<u>134,561</u>	<u>103,285</u>
	<u>\$ 263,103</u>	<u>\$ 242,311</u>
<b>Commitments (Note 6)</b>		

*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, 2018 with comparative figures for 2017

	2018	2017
<b>Revenue</b>		
Operating grants		
Canada Council for the Arts	\$ 73,201	\$ 61,201
Saskatchewan Arts Board	107,355	110,675
	180,556	171,876
Project grants		
City of Regina	8,500	8,500
Community Initiatives Fund	5,000	-
	13,500	8,500
Donations	779	1,230
Equipment and space rental	14,886	8,488
Fundraising	111	-
Grants recovered	14,361	-
Member dues	6,807	5,996
Miscellaneous	287	601
Saskatchewan Independent Film Awards	10,806	10,202
Sponsorships	850	5,500
Workshop registrations	4,740	6,970
	53,627	38,987
<b>Total revenue</b>	<b>247,683</b>	<b>219,363</b>
<b>Expenses</b>		
Personnel (Schedule 1)	123,636	137,456
Occupancy (Schedule 2)	42,091	39,097
General and administrative (Schedule 3)	19,740	18,034
Workshops and seminars (Schedule 4)	12,283	9,837
Saskatchewan Independent Film Awards	8,215	7,430
Film production	5,467	7,730
Splice productions	3,602	1,472
Film presentation (Schedule 5)	3,392	5,165
Special projects (Schedule 6)	464	907
Currency exchange	-	61
<b>Total expenses</b>	<b>218,890</b>	<b>227,189</b>
<b>Excess (deficiency) of revenue over expenses before the following:</b>	28,793	(7,826)
<b>Other revenue (expenses)</b>		
Amortization of capital grants	16,578	15,999
Amortization of tangible capital assets	(14,095)	(14,100)
<b>Total other revenue (expenses)</b>	2,483	1,899
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$ 31,276</b>	<b>\$ (5,927)</b>

See accompanying notes to the financial statements

## The Saskatchewan Filmpool Co-operative

### Statement of Changes in Net Assets

For the year ended March 31, 2018 with comparative figures for 2017

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	Invested in tangible capital assets	Unrestricted surplus	Total 2018	Total 2017
Balance, beginning of year	\$ 2,725	\$ 100,560	103,285	\$ 109,212
Excess (deficiency) of revenue over expenses	2,483	28,793	31,276	(5,927)
Purchase of tangible capital assets	19,868	(19,868)	-	-
Capital grants received	(18,715)	18,715	-	-
	<u>\$ 6,361</u>	<u>\$ 128,200</u>	<u>\$ 134,561</u>	<u>\$ 103,285</u>

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See accompanying notes to the financial statements

# The Saskatchewan Filmpool Co-operative

## Statement of Cash Flows

For the year ended March 31, 2018 with comparative figures for 2017

	2018	2017
<b>Cash provided by (used in) operating activities:</b>		
Excess (deficiency) of revenue over expenses	\$ 31,276	\$ (5,927)
Amortization of tangible capital assets	(16,578)	(15,999)
Amortization of deferred capital grants	14,095	14,100
<b>Net change in non-cash working capital items:</b>		
Accounts receivable	-	4,029
GST receivable	(133)	46
Prepaid expenses	(406)	505
Accounts payable and accrued liabilities	(11,181)	(886)
Deposits	(1,440)	-
Deferred revenue	-	(458)
	<u>15,633</u>	<u>(4,590)</u>
<b>Cash provided by (used in) investing activities:</b>		
Additions to tangible capital assets	<u>(19,868)</u>	<u>(18,336)</u>
	<u>(19,868)</u>	<u>(18,336)</u>
<b>Cash provided by (used in) financing activities:</b>		
Additions to capital grants	<u>18,715</u>	<u>16,000</u>
<b>Increase (decrease) in cash during year</b>	14,480	(6,926)
<b>Cash position, beginning of the year</b>	119,333	126,259
<b>Cash position, end of year</b>	<u>\$ 133,813</u>	<u>\$ 119,333</u>

See accompanying notes to the financial statements.

**The Saskatchewan Filmpool Co-operative**  
**Notes to the Financial Statements**  
For the year ended March 31, 2018 with comparative figures for 2017

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**1. Nature of operations**

The Saskatchewan Filmpool Co-operative is a not-for-profit organization incorporated under *The Cooperatives 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.

Operating grants are recognized in the period to which the funding relates. Membership revenues are recognized in the year the membership relates to. Equipment and space rentals are recognized as revenue when the rental occurs. Revenues from workshops and the Saskatchewan Independent Film Awards are recognized when the event occurs.

**(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, 2018 with comparative figures for 2017

**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 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 (2017 - \$nil).

**4. Tangible capital assets**

			2018	2017
	Cost	Accumulated Depreciation	Net book value	Net book value
Camera equipment	\$ 118,752	\$ 102,032	\$ 16,720	\$ 20,091
Office equipment	2,724	2,724	-	-
Sound equipment	53,486	43,992	9,494	11,293
Production equipment	322,368	222,851	99,517	88,574
	<b>\$ 497,330</b>	<b>\$ 371,599</b>	<b>\$ 125,731</b>	<b>\$ 119,958</b>

**The Saskatchewan Filmpool Co-operative**  
**Notes to the Financial Statements**  
For the year ended March 31, 2018 with comparative figures for 2017

**5. Deferred capital grants**

	2018	2017
Balance, beginning of year	\$ 117,233	\$ 117,232
Additions during the year:		
Canada Council for the Arts	18,715	16,000
	135,948	133,232
Amount recognized in operations	(16,578)	(15,999)
Balance, end of year	\$ 119,370	\$ 117,233

**6. Commitments**

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

	Premise	Equipment
2019	\$ 29,020	\$ 1,695
2020	19,346	848
	\$ 48,366	\$ 2,543

**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, 2018 with comparative figures for 2017

	2018	2017
<b>Schedule 1 - Personnel</b>		
Canada pension plan	\$ 4,814	\$ 5,552
Employment insurance	2,237	2,853
Group insurance	8,342	8,062
Wages	108,059	120,756
Workers compensation	184	233
	<u>\$ 123,636</u>	<u>\$ 137,456</u>
<b>Schedule 2 - Occupancy</b>		
Maintenance	\$ 801	\$ 1,429
Office equipment	4,650	2,445
Rent	30,433	29,638
Utilities	6,207	5,585
	<u>\$ 42,091</u>	<u>\$ 39,097</u>
<b>Schedule 3 - General and administrative</b>		
Advertising and other costs	\$ 3,948	\$ 1,561
Facility maintenance	219	1,445
Interest and bank charges	965	865
Insurance	5,786	5,443
Office supplies	1,007	978
Organizational membership fees	505	441
Postage	894	790
Professional fees	6,416	6,511
	<u>\$ 19,740</u>	<u>\$ 18,034</u>
<b>Schedule 4 - Workshops, seminars and projects</b>		
Advanced workshops	\$ 607	\$ 2,564
Basic workshops	3,700	1,508
Equipment repairs	2,010	1,235
Member supplies	825	329
Other film productions	3,500	1,845
Seminars and conferences	1,235	2,235
Special projects	406	121
	<u>\$ 12,283</u>	<u>\$ 9,837</u>

*See accompanying notes to the financial statements*

## The Saskatchewan Filmpool Co-operative

### Schedule of Expenses

For the year ended March 31, 2018 with comparative figures for 2017

	<u>2018</u>	<u>2017</u>
<b>Schedule 5 - Film presentation</b>		
Honoraria to film makers	\$ 1,621	\$ 1,549
Publicity and promotional	1,771	3,366
Visiting artist travel	-	250
	<u>\$ 3,392</u>	<u>\$ 5,165</u>
<b>Schedule 6 - Special projects</b>		
Major projects	\$ 414	\$ 500
Printing and advertising 40th anniversary	50	407
	<u>\$ 464</u>	<u>\$ 907</u>

*See accompanying notes to the financial statements*