

The Saskatchewan Filmpool Co-operative

Financial Statements

For the year ended March 31, 2020

Management's Responsibility for the Financial Statements

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.



Interim Executive Director

INDEPENDENT AUDITORS' REPORT



**VIRTUS
GROUP**
Chartered Professional Accountants
& Business Advisors LLP

**To the Members,
The Saskatchewan Filmpool Co-operative**

Qualified Opinion

We have audited the financial statements of **The Saskatchewan Filmpool Co-operative**, which comprise the statement of financial position at March 31, 2020 and the statements of operations and changes in net assets and cash flows for the year ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2020, and its financial performance and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' 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 Saskatchewan, 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.

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 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.

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INDEPENDENT AUDITORS' REPORT continued

Auditors' 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 auditors' 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 auditors' 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 auditors' 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 significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

June 22, 2020
Regina, Saskatchewan

VIRTUS GROUP LLP
Chartered Professional Accountants



The Saskatchewan FilmPool Co-operative

Statement of Financial Position

As at March 31, 2020 with comparative figures for 2019

	2020	2019
Current Assets		
Cash (Note 3)	\$ 150,425	\$ 149,539
Accounts receivable	100	-
GST receivable	1,506	1,893
Prepaid expenses	2,805	1,840
	<u>154,836</u>	<u>153,272</u>
Tangible capital assets (Note 4)	<u>111,318</u>	<u>125,923</u>
	<u>\$ 266,154</u>	<u>\$ 279,195</u>
Current liabilities		
Accounts payable	\$ 14,110	\$ 18,157
Deferred revenue	1,460	-
	<u>15,570</u>	<u>18,157</u>
Deferred capital grants (Note 5)	<u>104,734</u>	<u>119,637</u>
	<u>120,304</u>	<u>137,794</u>
Net assets		
Invested in tangible capital assets	6,584	6,286
Unrestricted surplus	139,266	135,115
	<u>145,850</u>	<u>141,401</u>
	<u>\$ 266,154</u>	<u>\$ 279,195</u>

Commitments (Note 6)

See accompanying notes to the financial statements

Approved on behalf of the board of directors:

Dawn Birch Director

Dawn Birch Director

The Saskatchewan Filmpool Co-operative

Statement of Operations

For the year ended March 31, 2020 with comparative figures for 2019

	2020	2019
Revenue		
Operating grants		
Canada Council for the Arts	\$ 84,200	\$ 83,201
Saskatchewan Arts Board	102,000	107,355
	186,200	190,556
Project grants		
City of Regina	8,500	11,675
Community Initiatives Fund	4,000	4,000
	12,500	15,675
Self-help (Schedule 1)	29,511	32,629
Total revenue	228,211	238,860
Expenses		
Administration (Schedule 2)	74,153	76,213
Exhibition, production, technical and programming (Schedule 3)	69,890	84,688
Facility operating (Schedule 4)	40,798	40,370
Marketing and communication (Schedule 5)	39,219	35,248
Total expenses	224,060	236,519
Excess of revenue over expenses before the following:	4,151	2,341
Other revenue (expenses)		
Amortization of capital grants	14,903	19,389
Amortization of tangible capital assets	(14,605)	(14,890)
Total other revenue (expenses)	298	4,499
Excess of revenue over expenses	\$ 4,449	\$ 6,840

See accompanying notes to the financial statements

The Saskatchewan Filmpool Co-operative

Statement of Changes in Net Assets

For the year ended March 31, 2020 with comparative figures for 2019

	Invested in tangible capital assets	Unrestricted surplus	Total 2020	Total 2019
Balance, beginning of year	\$ 6,286	\$ 135,115	\$ 141,401	\$ 134,561
Excess of revenue over expenses	298	4,151	4,449	6,840
Balance, end of year	\$ 6,584	\$ 139,266	\$ 145,850	\$ 141,401

See accompanying notes to the financial statements

The Saskatchewan FilmPool Co-operative

Statement of Cash Flows

As at March 31, 2020 with comparative figures for 2019

	2020	2019
Cash provided by (used in) operating activities:		
Excess of revenue over expenses	\$ 4,449	\$ 6,840
Amortization of deferred capital grants	(14,903)	(19,389)
Amortization of tangible capital assets	14,605	14,890
 Net change in non-cash working capital items:		
Accounts receivable	(100)	-
GST receivable	387	(53)
Prepaid expenses	(965)	(121)
Accounts payable and accrued liabilities	(4,047)	9,645
Deposits	-	(660)
Deferred revenue	1,460	-
	<u>886</u>	<u>11,152</u>
 Cash provided by (used in) investing activities:		
Additions to tangible capital assets	-	(15,082)
	<u>-</u>	<u>(15,082)</u>
 Cash provided by (used in) financing activities:		
Additions to capital grants	-	19,656
	<u>-</u>	<u>19,656</u>
 Increase in cash during year	886	15,726
 Cash position, beginning of the year	149,539	133,813
 Cash position, end of year	\$ 150,425	\$ 149,539

See accompanying notes to the financial statements.

The Saskatchewan Filmpool Co-operative
Notes to the Financial Statements
For the year ended March 31, 2020 with comparative figures for 2019

1. Nature of operations

The Saskatchewan Filmpool Co-operative (the "Organization") 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.

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, 2020 with comparative figures for 2019

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 (2019 - \$nil).

4. Tangible capital assets

			2020	2019
	Cost	Accumulated Depreciation	Net book value	Net book value
Camera equipment	\$ 121,910	\$ 108,487	\$ 13,423	\$ 16,507
Office equipment	2,724	2,724	-	-
Sound equipment	53,486	47,592	5,894	7,695
Production equipment	334,292	242,291	92,001	101,721
	\$ 512,412	\$ 401,094	\$ 111,318	\$ 125,923

The Saskatchewan Filmpool Co-operative
Notes to the Financial Statements
For the year ended March 31, 2020 with comparative figures for 2019

5. Deferred capital grants

	2020	2019
Balance, beginning of year	\$ 119,637	\$ 119,370
Additions during the year:		
Canada Council for the Arts	-	19,656
Amount recognized in operations	(14,903)	(19,389)

6. Lease commitments

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

	<u>Premises</u>	<u>Equipment</u>
2021	\$ 30,174	\$ 1,837

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.

9. Subsequent events

On March 11, 2020, the World Health Organization declared a global pandemic for the COVID-19 virus. The Organization is following health advisories and mandatory requirements from local, provincial and national health and government organizations. The impact of the pandemic on the Organization's future operations and finances, if any, is unknown at this time.

The Saskatchewan Filmpool Co-operative

Schedule of Revenues

For the year ended March 31, 2020 with comparative figures for 2019

	<u>2020</u>	<u>2019</u>
Schedule 1 - Self-help		
Internal		
Admissions	\$ 1,300	\$ 1,023
Advertising	-	1,050
Memberships	4,493	6,037
Other revenues	-	236
Rentals	17,226	15,116
Workshops & seminars	3,062	4,810
	<u>26,081</u>	<u>28,272</u>
External		
Donations	130	867
Fundraising	-	40
Sponsorships	3,300	3,450
	<u>3,430</u>	<u>4,357</u>
	<u>\$ 29,511</u>	<u>\$ 32,629</u>

See accompanying notes to the financial statements

The Saskatchewan FilmPool Co-operative

Schedule of Expenses

For the year ended March 31, 2020 with comparative figures for 2019

	2020	2019
Schedule 2 - Administration		
Courier and postage	\$ 75	\$ 665
Interest and bank charges	807	919
Insurance	6,752	6,261
Miscellaneous	739	153
Office equipment and supplies	3,693	2,719
Office Supplies	1,872	1,737
Organizational membership fees	180	884
Printing	656	1,230
Professional fees	13,530	7,216
Staff and board development	1,108	451
Salaries and benefits	42,916	52,877
Travel - board	1,825	1,101
	\$ 74,153	\$ 76,213
 Schedule 3 - Exhibition, production, technical and programming		
Film presentation		
Honoraria to film makers	\$ 8,345	\$ 4,123
Miscellaneous	1,646	1,485
Publicity and promotional	-	715
Saskatchewan Independent Film Awards	7,624	6,396
	17,615	12,719
 Film production		
Equipment and repairs	2,413	7,897
Funding	5,602	11,300
Jury fees	310	400
Other expenses	158	-
Salaries and benefits	34,854	37,336
Supplies	848	4,360
	44,185	61,293
 Workshops, courses and seminars		
Courses	5,357	5,728
Member registrations and travel	200	948
Miscellaneous	93	649
Workshops and seminars	2,440	3,351
	8,090	10,676
	\$ 69,890	\$ 84,688

See accompanying notes to the financial statements

The Saskatchewan FilmPool Co-operative

Schedules of Expenses

For the year ended March 31, 2020 with comparative figures for 2019

	<u>2020</u>		<u>2019</u>
Schedule 4 - Facility operating			
Maintenance	\$ 641	\$	573
Rent	33,003		33,003
Utilities	7,154		6,794
	<u>\$ 40,798</u>	\$	<u>40,370</u>
Schedule 5 - Marketing and communication			
Advertising and printing	\$ 6,015	\$	1,713
Internet and website	554		506
Professional fees	210		1,295
Salaries and benefits	32,440		31,734
	<u>\$ 39,219</u>	\$	<u>35,248</u>

See accompanying notes to the financial statements