

The Saskatchewan Filmpool Co-operative

Financial Statements

For the year ended March 31, 2019

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.



Executive Director



INDEPENDENT AUDITORS' REPORT

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, 2019 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, 2019, 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.

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 9, 2019
Regina, Saskatchewan

VIRTUS GROUP LLP
Chartered Professional Accountants

The Saskatchewan Filmpool Co-operative

Statement of Financial Position


As at March 31, 2019 with comparative figures for 2018

| | 2019 | 2018 |
|-----------------------------------------|-------------------|-------------------|
| Current Assets | | |
| Cash (Note 3) | \$ 149,539 | \$ 133,813 |
| GST receivable | 1,893 | 1,840 |
| Prepaid expenses | 1,840 | 1,719 |
| | <u>153,272</u> | <u>137,372</u> |
| Tangible capital assets (Note 4) | <u>125,923</u> | <u>125,731</u> |
| | <u>\$ 279,195</u> | <u>\$ 263,103</u> |
| Current liabilities | | |
| Accounts payable | \$ 18,157 | \$ 8,512 |
| Deposits | - | 660 |
| | <u>18,157</u> | <u>9,172</u> |
| Deferred capital grants (Note 5) | <u>119,637</u> | <u>119,370</u> |
| | <u>137,794</u> | <u>128,542</u> |
| Net assets | | |
| Invested in tangible capital assets | 6,286 | 6,361 |
| Unrestricted surplus | 135,115 | 128,200 |
| | <u>141,401</u> | <u>134,561</u> |
| | <u>\$ 279,195</u> | <u>\$ 263,103</u> |


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, 2019 with comparative figures for 2018

| | <u>2019</u> | <u>2018</u> |
|---------------------------------------------------------------------------|-----------------|------------------|
| Revenue | | |
| Operating grants | | |
| Canada Council for the Arts | \$ 83,201 | \$ 73,201 |
| Saskatchewan Arts Board | 107,355 | 107,355 |
| | <u>190,556</u> | <u>180,556</u> |
| Project grants | | |
| City of Regina | 11,675 | 11,675 |
| Community Initiatives Fund | 4,000 | 5,000 |
| Grants recovered | - | 14,361 |
| | <u>15,675</u> | <u>31,036</u> |
| Self-help (Schedule 1) | 32,629 | 36,091 |
| Total revenue | <u>238,860</u> | <u>247,683</u> |
| Expenses | | |
| Administration (Schedule 2) | 76,213 | 85,974 |
| Exhibition, production, technical and programming (Schedule 3) | 84,688 | 61,455 |
| Facility operating (Schedule 4) | 40,370 | 36,859 |
| Marketing and communication (Schedule 5) | 35,248 | 34,602 |
| Total expenses | <u>236,519</u> | <u>218,890</u> |
| Excess (deficiency) of revenue over expenses before the following: | 2,341 | 28,793 |
| Other revenue (expenses) | | |
| Amortization of capital grants | 19,389 | 16,578 |
| Amortization of tangible capital assets | (14,890) | (14,095) |
| Total other revenue (expenses) | <u>4,499</u> | <u>2,483</u> |
| Excess of revenue over expenses | <u>\$ 6,840</u> | <u>\$ 31,276</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, 2019 with comparative figures for 2018

| | Invested in tangible capital assets | Unrestricted surplus | Total 2019 | Total 2018 |
|----------------------------------------------|-------------------------------------------|-------------------------|-------------------|-------------------|
| Balance, beginning of year | \$ 6,361 | \$ 128,200 | \$ 134,561 | \$ 103,285 |
| Excess (deficiency) of revenue over expenses | 4,499 | 2,341 | 6,840 | 31,276 |
| Purchase of tangible capital assets | 15,082 | (15,082) | - | - |
| Capital grants received | (19,656) | 19,656 | - | - |
| | <u>\$ 6,286</u> | <u>\$ 135,115</u> | <u>\$ 141,401</u> | <u>\$ 134,561</u> |

See accompanying notes to the financial statements

The Saskatchewan Filmpool Co-operative

Statement of Cash Flows

As at March 31, 2019 with comparative figures for 2018

| | 2019 | 2018 |
|-------------------------------------------------------------|-------------------|-------------------|
| Cash provided by (used in) operating activities: | | |
| Excess/(deficiency) of revenue over expenses | \$ 6,840 | \$ 31,276 |
| Amortization of deferred capital grants | (19,389) | (16,578) |
| Amortization of tangible capital assets | 14,890 | 14,095 |
| Net change in non-cash working capital items: | | |
| GST receivable | (53) | (133) |
| Prepaid expenses | (121) | (406) |
| Accounts payable and accrued liabilities | 9,645 | (11,181) |
| Deposits | (660) | (1,440) |
| | <u>11,152</u> | <u>15,633</u> |
| Cash provided by (used in) investing activities: | | |
| Additions to tangible capital assets | (15,082) | (19,868) |
| | <u>(15,082)</u> | <u>(19,868)</u> |
| Cash provided by (used in) financing activities: | | |
| Additions to capital grants | 19,656 | 18,715 |
| | <u>19,656</u> | <u>18,715</u> |
| Increase in cash during year | 15,726 | 14,480 |
| Cash position, beginning of the year | 133,813 | 119,333 |
| Cash position, end of year | <u>\$ 149,539</u> | <u>\$ 133,813</u> |

See accompanying notes to the financial statements.

The Saskatchewan Filmpool Co-operative
Notes to the Financial Statements

For the year ended March 31, 2019 with comparative figures for 2018

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.

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, 2019 with comparative figures for 2018

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 (2018 - \$nil).

4. Tangible capital assets

| | 2019 | | 2018 | |
|----------------------|-------------------|-----------------------------|-------------------|-------------------|
| | Cost | Accumulated Depreciation | Net book value | Net book value |
| Camera equipment | \$ 121,910 | \$ 105,403 | \$ 16,507 | \$ 16,720 |
| Office equipment | 2,724 | 2,724 | - | - |
| Sound equipment | 53,486 | 45,791 | 7,695 | 9,494 |
| Production equipment | 334,292 | 232,571 | 101,721 | 99,517 |
| | \$ 512,412 | \$ 386,489 | \$ 125,923 | \$ 125,731 |

The Saskatchewan Filmpool Co-operative
Notes to the Financial Statements
For the year ended March 31, 2019 with comparative figures for 2018

5. Deferred capital grants

| | 2019 | 2018 |
|---------------------------------|------------|------------|
| Balance, beginning of year | \$ 119,370 | \$ 117,233 |
| Additions during the year: | | |
| Canada Council for the Arts | 19,656 | 18,715 |
| | 139,026 | 135,948 |
| Amount recognized in operations | (19,389) | (16,578) |
| Balance, end of year | \$ 119,637 | \$ 119,370 |

6. Commitments

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

| | Premise | Equipment |
|------|-----------|-----------|
| 2020 | \$ 19,346 | \$ 848 |

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. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

The Saskatchewan Filmpool Co-operative

Schedule of Revenues

For the year ended March 31, 2019 with comparative figures for 2018

| | 2019 | 2018 |
|-------------------------------|------------------|------------------|
| Schedule 1 - Self-help | | |
| Internal | | |
| Admissions | \$ 1,023 | \$ 1,851 |
| Advertising | 1,050 | 850 |
| Memberships | 6,037 | 6,807 |
| Other revenues | 236 | 287 |
| Rentals | 15,116 | 14,886 |
| Workshops & seminars | 4,810 | 4,740 |
| | <u>28,272</u> | <u>29,421</u> |
| External | | |
| Donations | 867 | 779 |
| Fundraising | 40 | 111 |
| Sponsorships | 3,450 | 5,780 |
| | <u>4,357</u> | <u>6,670</u> |
| | <u>\$ 32,629</u> | <u>\$ 36,091</u> |

See accompanying notes to the financial statements

The Saskatchewan Filmpool Co-operative

Schedule of Expenses

For the year ended March 31, 2019 with comparative figures for 2018

| | 2019 | 2018 |
|---------------------------------------------------------------------------|------------------|------------------|
| Schedule 2 - Administration | | |
| Courier and postage | \$ 665 | \$ 894 |
| Interest and bank charges | 919 | 965 |
| Insurance | 6,261 | 5,786 |
| Miscellaneous | 153 | 223 |
| Office equipment and supplies | 2,719 | 5,450 |
| Office Supplies | 1,737 | 860 |
| Organizational membership fees | 884 | 505 |
| Printing | 1,230 | 3,872 |
| Professional fees | 7,216 | 6,416 |
| Staff and board development | 451 | 207 |
| Salaries and benefits | 52,877 | 59,837 |
| Travel - board | 1,101 | 959 |
| | <u>\$ 76,213</u> | <u>\$ 85,974</u> |
| Schedule 3 - Exhibition, production, technical and programming | | |
| Film presentation | | |
| Honoraria to film makers | \$ 4,123 | \$ 1,621 |
| Miscellaneous | 1,485 | 1,189 |
| Publicity and promotional | 715 | 75 |
| Saskatchewan Independent Film Awards | 6,396 | 8,215 |
| Social events and receptions | - | 920 |
| | <u>12,719</u> | <u>12,020</u> |
| Film production | | |
| Equipment and repairs | 7,897 | 2,010 |
| Funding | 11,300 | 5,467 |
| Jury fees | 400 | 206 |
| Production supplies | - | 523 |
| Salaries and benefits | 37,336 | 32,849 |
| Supplies | 4,360 | 3,597 |
| | <u>61,293</u> | <u>44,652</u> |
| Workshops, courses and seminars | | |
| Courses | 5,728 | 3,700 |
| Member registrations and travel | 948 | 124 |
| Miscellaneous | 649 | 93 |
| Staff training | - | 52 |
| Workshops and seminars | 3,351 | 814 |
| | <u>10,676</u> | <u>4,783</u> |
| | <u>\$ 84,688</u> | <u>\$ 61,455</u> |

See accompanying notes to the financial statements

The Saskatchewan Filmpool Co-operative

Schedules of Expenses

For the year ended March 31, 2019 with comparative figures for 2018

| | <u>2019</u> | | <u>2018</u> |
|-------------------------------------------------|------------------|-----------|---------------|
| Schedule 4 - Facility operating | | | |
| Maintenance | \$ 573 | \$ | 219 |
| Rent | 33,003 | | 30,433 |
| Utilities | 6,794 | | 6,207 |
| | <u>\$ 40,370</u> | <u>\$</u> | <u>36,859</u> |
| | | | |
| Schedule 5 - Marketing and communication | | | |
| Advertising and printing | \$ 1,713 | \$ | 2,852 |
| Internet and website | 506 | | - |
| Professional fees | 1,295 | | 800 |
| Salaries and benefits | 31,734 | | 30,950 |
| | <u>\$ 35,248</u> | <u>\$</u> | <u>34,602</u> |

See accompanying notes to the financial statements