

Financial Statements of

WEENGUSHK FILM INSTITUTE

Year ended October 31, 2016
(Unaudited)



KPMG LLP
Claridge Executive Centre
144 Pine Street
Sudbury ON P3C 1X3
Canada
Tel (705) 675-8500
Fax (705) 675-7586

REVIEW ENGAGEMENT REPORT

To the Members of Weengushk Film Institute

We have reviewed the statement of financial position of Weengushk Film Institute (the "Institute") as at October 31, 2016 and the statements of operations, changes in net assets and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the Institute.

A review does not constitute an audit and, consequently, we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian accounting standards for not-for-profit organizations.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants, Licensed Public Accountants

June 22, 2017

Sudbury, Canada

WEENGUSHK FILM INSTITUTE

Statement of Financial Position

October 31, 2016, with comparative information for 2015
(Unaudited)

	2016	2015
Assets		
Current assets:		
Cash	\$ 5,499	\$ 31,612
Accounts receivable	11,168	6,309
Prepaid expenses	2,713	-
	19,380	37,921
Property (note 3)	130,496	133,224
	<u>\$ 149,876</u>	<u>\$ 171,145</u>

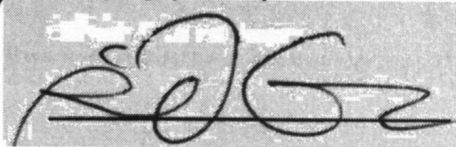
Liabilities and Net Assets (Deficiency)

Current liabilities:		
Accounts payable and accrued liabilities	\$ 43,731	\$ 36,960
Deferred revenue (note 4)	51,279	14,542
Current portion of long-term debt (note 5)	9,086	8,779
	104,096	60,281
Long-term debt (note 5)	92,896	101,982
	196,992	162,263
Net assets (deficiency)	(47,116)	8,882
Going concern (note 1)		
	<u>\$ 149,876</u>	<u>\$ 171,145</u>

See accompanying notes to financial statements.

On behalf of the Board:

 Members

 Members

WEENGUSHK FILM INSTITUTE

Statement of Operations

Year ended October 31, 2016, with comparative information for 2015
(Unaudited)

	2016	2015
Revenue:		
Donations	\$ 139,265	\$ 74,483
Grant	53,500	55,013
Program fees	13,112	7,655
Fundraising and other	11,856	30,097
	217,733	167,248
Expenses:		
Salaries and benefits	157,003	55,846
Professional and consulting fees	28,626	29,214
Bursaries awarded	25,000	-
Production related	14,327	3,520
Utilities	10,314	6,705
Travel	9,366	2,241
Office and general	9,269	954
Insurance	4,741	4,974
Repairs and maintenance	3,651	1,454
Interest on loan payable	3,629	3,951
Property taxes	2,774	4,000
Amortization of property	2,728	2,728
Telephone	1,734	3,186
Interest and bank charges	557	224
Professional development	12	-
Bad debts	-	200
	273,731	119,197
Excess (deficiency) of revenue over expenses	\$ (55,998)	\$ 48,051

See accompanying notes to financial statements.

WEENGUSHK FILM INSTITUTE

Statement of Changes in Net Assets (Deficiency)

Year ended October 31, 2016, with comparative information for 2015
(Unaudited)

	Operating	Capital	2016 Total	2015 Total
Net assets (deficiency), beginning of year	\$ (13,581)	22,463	8,882	(39,169)
Excess of revenues over expenses	(55,998)	-	(55,998)	48,051
Transfer to capital	(6,051)	6,051	-	-
Net assets (deficiency), end of year	\$ (75,630)	28,514	(47,116)	8,882

See accompanying notes to financial statements.

WEENGUSHK FILM INSTITUTE

Statement of Cash Flows

Year ended October 31, 2016, with comparative information for 2015
(Unaudited)

	2016	2015
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	\$ (55,998)	\$ 48,051
Item not involving cash:		
Amortization of property	2,728	2,728
	(53,270)	50,779
Changes in non-cash operating working capital:		
Decrease (increase) in accounts receivable	(4,859)	19,169
Increase in prepaid expenses	(2,713)	-
Increase (decrease) in accounts payable and accrued liabilities	6,775	(54,618)
Increase (decrease) in deferred revenue	36,737	(2,688)
	(17,330)	12,642
Financing activities:		
Principal payments on long-term debt	(8,783)	(8,483)
Increase (decrease) in cash	(26,113)	4,159
Cash, beginning of year	31,612	27,453
Cash, end of year	\$ 5,499	\$ 31,612

See accompanying notes to financial statements.

WEENGUSHK FILM INSTITUTE

Notes to Financial Statements

Year ended October 31, 2016
(Unaudited)

Nature of operations:

Weengushk Film Institute (the "Institute") is incorporated without share capital under the Ontario Business Corporations Act. The Institute is dedicated to the development, support and implementation of educational and training programs that promote cultural, ethnic and artistic vitality of the film industry. The Institute is a charitable organization registered under the Income Tax Act, and, accordingly, is exempt from income taxes.

1. Going concern:

These financial statements have been prepared on the basis of accounting principles applicable to a going concern. However, there is significant doubt about the appropriateness of the use of the going concern assumption because the Institute experienced a deficiency of revenues over expenses in the prior years and as a result, has a net deficiency.

The ability of the Institute to continue as a going concern and realize its assets and discharge its liabilities in the normal course of business is dependent upon the continued support from its funders and on its ability to restore and maintain profitable operations in the future. Management is of the opinion that sufficient working capital will be obtained from future cash flows to meet the Institute's liabilities and commitments as they become payable and is presently in the process of obtaining additional financing. The ability to continue profitable operations in the future depends upon management's ability to identify, develop and secure new revenue sources.

These financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these financial statements, then adjustments would be necessary to the carrying amount of assets, the reported revenue and expenses, and the balance sheet classifications used to reflect these on a liquidation basis which could differ from accounting principles applicable to a going concern.

2. Significant accounting policies:

(a) Basis of accounting:

These financial statements have been prepared in accordance with the significant accounting policies set out below to comply with the policies as determined by funding agencies. The basis of accounting used materially differs from Canadian generally accepted accounting principles because capital assets are expensed in the period in which they are purchased unless financed by long-term debt.

WEENGUSHK FILM INSTITUTE

Notes to Financial Statements (continued)

Year ended October 31, 2016

(Unaudited)

2. Significant accounting policies (continued):

(b) Property:

Property is stated at cost less accumulated amortization. Amortization is provided using the straight-line method and following annual rates:

Asset	Rate
Building	2.5%

Amortization is calculated at 50% of the above rates in the year of acquisition.

(c) Revenue recognition:

The financial statements are prepared according to the restricted fund method of accounting. Under this method, the following principles have been applied:

- i) Contributions including operating and capital grants are recorded as revenue in the period to which they relate. Grant amounts relating to future periods are deferred and recognized in the subsequent period when the related activity occurs. Grants approved but not received are accrued.
- ii) Contributions including fundraising and donations are recognized as revenue when received.
- iii) Contributions of materials and services are recognized when fair value can be reasonably estimated and when the materials and services are used in the normal course of operations.
- iv) Program fees are recognized as revenue over the teaching months which occur during the fiscal year. Fees received relating to future periods are deferred and recognized in the subsequent period when the related activity occurs. Fees relating to teaching months which occur during the fiscal year but not received are accrued.

(d) Prior year funding adjustments:

The Institute has entered into accountable contribution arrangements with several funders. All such programs are subject to audit by the various funders with audit adjustments repayable to the funders.

Adjustments made under funding arrangements relating to prior years are charged to operations in the year during which the adjustments are made.

WEENGUSHK FILM INSTITUTE

Notes to Financial Statements (continued)

Year ended October 31, 2016

(Unaudited)

2. Significant accounting policies (continued):

(e) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include provisions for impairment of accounts receivable. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

(f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Institute has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Institute determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Institute expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

WEENGUSHK FILM INSTITUTE

Notes to Financial Statements (continued)

Year ended October 31, 2016
(Unaudited)

3. Property:

			2016
	Cost	Accumulated amortization	Net book value
Land	\$ 36,375	\$ -	\$ 36,375
Building	109,125	15,004	94,121
	\$ 145,500	\$ 15,004	\$ 130,496
			2015
	Cost	Accumulated amortization	Net book value
Land	\$ 36,375	\$ -	\$ 36,375
Building	109,125	12,276	96,849
	\$ 145,500	\$ 12,276	\$ 133,224

4. Deferred revenue:

	2016	2015
Grants	\$ -	\$ 14,542
Program fees	51,279	-
	\$ 51,279	\$ 14,542

WEENGUSHK FILM INSTITUTE

Notes to Financial Statements (continued)

Year ended October 31, 2016
(Unaudited)

5. Long-term debt:

	2016	2015
Loan payable in monthly instalments of \$1,038, including interest at 3.5%, due July 1, 2026. Secured by land and building with a net book value of \$133,224.	\$ 101,982	\$ 110,761
Less current portion of long-term debt	9,086	8,779
	<u>\$ 92,896</u>	<u>\$ 101,982</u>

Principal repayments are due as follows:

2017	\$ 9,086
2018	9,404
2019	9,734
2020	10,074
2021	10,427
Thereafter	53,257
	<u>\$ 101,982</u>

6. Financial risks and concentration of risk:

(a) Credit risk:

The Institute is exposed to credit risk with respect to the grants receivable and accounts receivable. The grants were received soon after the fiscal year-end; the Institute assesses, on a continuous basis, accounts receivable on the basis of amounts it is virtually certain to receive.

(b) Liquidity risk:

Liquidity risk is the risk that the Institute will encounter difficulty in meeting obligations associated with financial liabilities. The Institute is exposed to this risk as it is currently in a deficiency position.

WEENGUSHK FILM INSTITUTE

Notes to Financial Statements (continued)

Year ended October 31, 2016
(Unaudited)

7. Related party transactions:

During the year, the Institute purchased services in the amount of \$1,000 from Spoken Song Productions and WFI Films which are owned by the Executive Director.

These transactions are in the normal course of business and are measured at the exchange amount, being the amount of consideration established and agreed to by the related parties.