

Financial Statements of

**WEENGUSHK FILM
INSTITUTE**

And Independent Auditors' Report thereon

Five months ended March 31, 2020



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INDEPENDENT AUDITORS' REPORT

To the Members of Weengushk Film Institute

Opinion

We have audited the financial statements of Weengushk Film Institute (the Entity), which comprise:

- the statement of financial position as at March 31, 2020
- the statement of operations for the period then ended
- the statement of changes in net assets (deficiency) for the period then ended
- the statement of cash flows for the period then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2020 and its results of operations and its cash flows for the period then ended in accordance with the basis of accounting as disclosed in Note 1(a).

Basis for Opinion

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 auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada 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.



Emphasis of Matter - Basis of Preparation

We draw attention to Note 1(a) to the financial statements, which describes that the 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.

Our opinion is not modified in respect to this matter.

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 the basis of accounting as disclosed in Note 1(a), 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with Governance are responsible for overseeing the Entity's financial reporting process.

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 the 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 Entity'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 Entity'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 Entity 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
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

May 10, 2021

WEENGUSHK FILM INSTITUTE

Statement of Financial Position

March 31, 2020, with comparative information for the year ended October 31, 2019

	March 31, 2020	October 31, 2019
Assets		
Current assets:		
Cash	\$ 137,132	\$ 66,685
Accounts receivable	10,870	2,791
	<u>148,002</u>	<u>69,476</u>
Property (note 2)	517,842	522,312
	<u>\$ 665,844</u>	<u>\$ 591,788</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 68,919	\$ 242,604
Deferred revenue (note 3)	336,831	206,001
Current portion of loan payable (note 4)	10,220	9,540
	<u>415,970</u>	<u>458,145</u>
Loan payable (note 4)	74,861	79,476
	<u>490,831</u>	<u>537,621</u>
Net assets	175,013	54,167
Subsequent events (note 5)		
	<u>\$ 665,844</u>	<u>\$ 591,788</u>

See accompanying notes to financial statements.

On behalf of the Board:

Phyllis Ellis
Shuley Chee-bow

WEENGUSHK FILM INSTITUTE

Statement of Operations

Five months ended March 31, 2020, with comparative information for the year ended October 31, 2019

	March 31, 2020	October 31, 2019
Revenue:		
Donations and bursaries	\$ 304,452	\$ 458,452
Grant	54,960	77,018
Program fees	40,003	155,557
Rent	1,000	6,000
In-kind donations	-	59,475
Other	-	3,000
	400,415	759,502
Expenses:		
Administration salaries and benefits	131,893	275,949
Production related	45,088	104,358
Bursaries awarded	40,003	72,993
Professional and consulting fees	29,730	41,093
Office and general	9,285	28,008
Travel	8,062	10,343
Amortization of property	4,470	2,728
Utilities	4,287	6,034
Rent	2,743	8,650
Property taxes	1,923	3,846
Interest on loan payable	1,073	2,724
Telephone	928	4,310
Interest and bank charges	84	280
In-kind	-	59,475
Bad debts	-	40,250
Repairs and maintenance	-	32,921
Insurance	-	4,806
Fundraising salaries and benefits	-	3,198
	279,569	701,966
Excess of revenue over expenses	\$ 120,846	\$ 57,536

See accompanying notes to financial statements.

WEENGUSHK FILM INSTITUTE

Statement of Changes in Net Assets (Deficiency)

Five months ending March 31, 2020, with comparative information for the year ended October 31, 2019

	Operating	Capital	March 31, 2020	October 31, 2019
Net assets (deficiency), beginning of period	\$ 20,871	33,296	54,167	(3,369)
Excess (deficiency) of revenue over expenses	125,316	(4,470)	120,846	57,536
Change in loan payable	(3,935)	3,935	-	-
Net assets (deficiency), end of period	\$ 142,252	32,761	175,013	54,167

See accompanying notes to financial statements.

WEENGUSHK FILM INSTITUTE

Statement of Cash Flows

Five months ended March 31, 2020, with comparative informaton for the year ended October 31, 2019

	March 31, 2020	October 31, 2019
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 120,846	\$ 57,536
Item not involving cash:		
Amortization of property	4,470	2,728
	<u>125,316</u>	<u>60,264</u>
Changes in non-cash operating working capital:		
(Increase) decrease in accounts receivable	(8,079)	9,490
Increase (decrease) in accounts payable and accrued liabilities	(173,685)	180,867
Increase in deferred revenue	130,830	55,126
	<u>74,382</u>	<u>305,747</u>
Financing:		
Decrease in loan payable	(3,935)	(9,218)
Investing:		
Purchase of intangible assets	-	(400,000)
Increase (decrease) in cash	70,447	(103,471)
Cash, beginning of period	66,685	170,156
Cash, end of period	<u>\$ 137,132</u>	<u>\$ 66,685</u>

See accompanying notes to financial statements.

WEENGUSHK FILM INSTITUTE

Notes to Financial Statements

Five months ended March 31, 2020

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 registered charitable organization under paragraph 149(1)(f) of the Income Tax Act, and, accordingly, is exempt from income taxes.

1. 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 accounting standards for not-for-profit organizations because capital assets are expensed in the period in which they are purchased unless financed by long-term debt.

(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%
Licence	2%

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

(c) Film and productions:

The Institute is pursuing the licensing of certain films and productions. Film and production costs are not recognized as assets until it is demonstrated that a future economic benefit can be generated from these items. During the period, the cost of producing films and productions has been expensed as the future economic benefit for these items cannot be reasonably measured.

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Notes to Financial Statements (continued)

Five months ended March 31, 2020

1. Significant accounting policies (continued):

(d) 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 on a cash basis 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.

(e) 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.

(f) Use of estimates:

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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 the carrying amounts of property and provisions for impairment of accounts receivable. Actual results could differ from those estimates.

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Notes to Financial Statements (continued)

Five months ended March 31, 2020

1. Significant accounting policies (continued):

(g) 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.

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Notes to Financial Statements (continued)

Five months ended March 31, 2020

2. Property:

			March 31, 2020
	Cost	Accumulated amortization	Net book value
Land	\$ 36,375	\$ -	\$ 36,375
Building	109,125	24,325	84,800
Licenses	400,000	3,333	396,667
	<u>\$ 545,500</u>	<u>\$ 27,658</u>	<u>\$ 517,842</u>

			October 31, 2019
	Cost	Accumulated amortization	Net book value
Land	\$ 36,375	\$ -	\$ 36,375
Building	109,125	23,188	85,937
Licenses	400,000	-	400,000
	<u>\$ 545,500</u>	<u>\$ 23,188</u>	<u>\$ 522,312</u>

3. Deferred revenue:

	March 31, 2020	October 31, 2019
Grants	\$ 23,333	\$ 40,000
Bursaries	225,998	166,001
Restricted donations	87,500	-
	<u>\$ 336,831</u>	<u>\$ 206,001</u>

WEENGUSHK FILM INSTITUTE

Notes to Financial Statements (continued)

Five months ended March 31, 2020

4. Long-term debt:

	March 31, 2020	October 31, 2019
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 \$121,175.	\$ 85,081	\$ 89,016
Less: current portion of long-term debt	(10,220)	(9,540)
	<u>\$ 74,861</u>	<u>\$ 79,476</u>

Principal repayments are due as follows:

2021	\$ 10,220
2022	10,577
2023	10,948
2024	11,331
2025	11,727
Thereafter	30,278
	<u>\$ 85,081</u>

The loan agreement has been modified to extend the term of repayment by a period equal to the number of arrears payments. The Institute has arrears interest payments in the amount of \$1,073 (October 31, 2019 - \$2,724) which was paid subsequent to the period-end. Under terms of the loan agreement should an event of default occur the Institute may be required to vacate the premises after all attempts at resolution have failed. The Institute has not received any such notification.

5. Subsequent events:

On March 17, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the Institute is not known at this time.

WEENGUSHK FILM INSTITUTE

Notes to Financial Statements (continued)

Five months ended March 31, 2020

6. Commitments:

The Institute had entered into a lease agreement with M'Chigeeng First Nation for the rental of a unit in an apartment building in February 2020 with annual lease payments of \$7,800. The lease agreement does not specify an end date.

7. 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.