

Financial Statements of

**WEENGUSHK FILM  
INSTITUTE**

And Independent Auditors' Report thereon

Year ended October 31, 2019



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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 October 31, 2019
- the statement of operations for the year then ended
- the statement of changes in net assets (deficiency) for the year then ended
- the statement of cash flows for the year 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 October 31, 2019 and its results of operations and its cash flows for the year 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.



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### ***Material Uncertainty Related to Going Concern***

We draw attention to Note 1 in the financial statements, which indicates that Weengushk Film Institute has a working capital deficiency..

This condition indicates the existence of a material uncertainty that may cast doubt about Weengushk Film Institute's ability to continue as a going concern..

Our opinion is not modified in respect to this matter.

### ***Emphasis of Matter - Basis of Preparation***

We draw attention to Note 2(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.



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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.

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

December 2, 2020

# WEENGUSHK FILM INSTITUTE

## Statement of Financial Position

October 31, 2019, with comparative information for 2018

	2019	2018
<b>Assets</b>		
Current assets:		
Cash	\$ 66,685	\$ 170,156
Accounts receivable	2,791	12,281
	<u>69,476</u>	<u>182,437</u>
Property (note 3)	122,312	125,040
Intangible assets	400,000	-
	<u>\$ 591,788</u>	<u>\$ 307,477</u>

## Liabilities and Net Assets (Deficiency)

Current liabilities:		
Accounts payable and accrued liabilities	\$ 242,604	\$ 61,737
Deferred revenue (note 4)	206,001	150,875
Current portion of loan payable (note 5)	9,540	9,218
	<u>458,145</u>	<u>221,830</u>
Loan payable (note 5)	79,476	89,016
	<u>537,621</u>	<u>310,846</u>
Net asset (deficiency)	54,167	(3,369)
Subsequent events (note 6)		
	<u>\$ 591,788</u>	<u>\$ 307,477</u>

See accompanying notes to financial statements.

On behalf of the Board:

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# WEENGUSHK FILM INSTITUTE

## Statement of Operations

Year ended October 31, 2019, with comparative information for 2018

	2019	2018
Revenue:		
Donations and bursaries	\$ 458,452	\$ 269,461
Program fees	155,557	112,666
Grant	77,018	155,676
In kind donations	59,475	-
Rent revenue	6,000	-
Other revenue	3,000	1,742
	<u>759,502</u>	<u>539,545</u>
Expenses:		
Administration salaries and benefits	275,949	216,373
Production related	104,358	73,809
Bursaries awarded	72,993	9,110
In kind	59,475	-
Professional and consulting fees	41,093	31,060
Bad debts	40,250	33,988
Repairs and maintenance	32,921	8,556
Office and general	28,008	34,704
Travel	10,343	26,222
Rent	8,650	-
Utilities	6,034	3,945
Insurance	4,806	4,806
Telephone	4,310	5,261
Property taxes	3,846	16,449
Fundraising salaries and benefits	3,198	-
Amortization of property	2,728	2,728
Interest on loan payable	2,724	3,025
Interest and bank charges	280	332
	<u>701,966</u>	<u>470,368</u>
Excess of revenue over expenses	\$ 57,536	\$ 69,177

See accompanying notes to financial statements.

# WEENGUSHK FILM INSTITUTE

## Statement of Changes in Net Assets (Deficiency)

Year ended October 31, 2019, with comparative information for 2018

	Operating	Capital	2019	2018
Net assets (deficiency), beginning of year	\$ (30,175)	26,806	(3,369)	(72,546)
Excess (deficiency) of revenue over expenses	60,264	(2,728)	57,536	69,177
Change in loan payable	(9,218)	9,218	-	-
Net assets (deficiency), end of year	\$ 20,871	33,296	54,167	(3,369)

See accompanying notes to financial statements.

# WEENGUSHK FILM INSTITUTE

## Statement of Cash Flows

Year ended October 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 57,536	\$ 69,177
Item not involving cash:		
Amortization of property	2,728	2,728
	60,264	71,905
Changes in non-cash operating working capital:		
Decrease (increase) in accounts receivable	9,490	(7,889)
Increase in accounts payable and accrued liabilities	180,867	24,091
Increase in deferred revenue	55,126	42,278
	305,747	130,385
Financing:		
Decrease in loan payable	(9,218)	(4,491)
Investing:		
Purchase of intangible assets	(400,000)	-
Increase (decrease) in cash	(103,471)	125,894
Cash, beginning of year	170,156	44,262
Cash, end of year	\$ 66,685	\$ 170,156

See accompanying notes to financial statements.



# WEENGUSHK FILM INSTITUTE

Notes to Financial Statements

Year ended October 31, 2019

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## **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. Going Concern:**

These financial statements have been prepared on the basis of accounting principles applicable to a going concern in accordance with the basis of accounting described in Note 2a). The going concern basis of presentation assumes that the Institute will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities in the normal course of business. However, there is significant doubt about the appropriateness of the use of the going concern assumption because the Institute has a working capital deficiency. The Institute is dependent on its ability to fundraise, obtain government grants and generate tuition revenue.

Management is of the opinion that sufficient fundraising, grant contributions and tuition revenue can be obtained to meet the Institute's liabilities and commitments as they become payable. No assurance can be given that such revenue sources will be generated in the future or that, if available, the Institute can sustain operations.

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 statement of financial position classifications used.

## **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 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:

# WEENGUSHK FILM INSTITUTE

Notes to Financial Statements (continued)

Year ended October 31, 2019

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## 2. Significant accounting policies (continued):

(b) Property (continued):

Asset	Rate
Building	2.5%

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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 year the cost of producing films and productions has been expensed as the future economic benefit for these items cannot be reasonably measured.

(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.

# WEENGUSHK FILM INSTITUTE

Notes to Financial Statements (continued)

Year ended October 31, 2019

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## 2. Significant accounting policies (continued):

### (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.

### (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.

# WEENGUSHK FILM INSTITUTE

Notes to Financial Statements (continued)

Year ended October 31, 2019

### 3. Property:

					2019
	Cost	Accumulated amortization			Net book value
Land	\$ 36,375	\$ -	\$		36,375
Building	109,125	23,188			85,937
	\$ 145,500	\$ 23,188	\$		122,312

  

					2018
	Cost	Accumulated amortization			Net book value
Land	\$ 36,375	\$ -	\$		36,375
Building	109,125	20,460			88,665
	\$ 145,500	\$ 20,460	\$		125,040

### 4. Deferred revenue:

	2019		2018	
Program fees	\$ -	\$		42,314
Grants	40,000			49,567
Bursaries	166,001			58,994
	\$ 206,001	\$		150,875

# WEENGUSHK FILM INSTITUTE

Notes to Financial Statements (continued)

Year ended October 31, 2019

## 5. Long-term debt:

	2019	2018
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 \$122,312.	\$ 89,016	\$ 98,234
Less: current portion of long-term debt	(9,540)	(9,218)
	<u>\$ 79,476</u>	<u>\$ 89,016</u>

Principal repayments are due as follows:

2020	\$ 9,540
2021	9,874
2022	10,220
2023	10,577
2024	10,948
Thereafter	37,857
	<u>\$ 89,016</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 \$4,465 (2018 - \$4,981). 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.

## 6. Subsequent events:

Subsequent to October 31, 2019, 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)

Year ended October 31, 2019

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## **7. 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.

## **8. 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.