

WINNIPEG FILM GROUP INC.

Financial Statements

Year Ended June 30, 2021

INDEPENDENT AUDITOR'S REPORT

To the Directors of Winnipeg Film Group Inc.

Qualified Opinion

We have audited the financial statements of Winnipeg Film Group Inc. (the Organization), which comprise the statement of financial position as at June 30, 2021, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible 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 June 30, 2021, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

The Organization derives revenue from cash transactions for their admissions and concessions revenue, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenues over expenses, and cash flows from operations for the year ended June 30, 2021, and current assets and net assets as at June 30, 2021. Our audit opinion on the financial statements for the year ended June 30, 2021 was modified accordingly because of the possible effects of this limitation of scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's 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 Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit 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 relating 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.

Auditor's 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 auditor's 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 auditor's 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 auditor's 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 timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Winnipeg, Manitoba
December 14, 2021



Chartered Professional Accountants Inc.

WINNIPEG FILM GROUP INC.

Statement of Financial Position

June 30, 2021

	Operating Fund	Capital Fund	Restricted Fund	Total 2021	Total 2020
ASSETS					
CURRENT					
Cash (Note 3)	\$ 251,812	\$ -	\$ -	\$ 251,812	\$ 59,263
Accounts receivable (Note 4)	218,648	-	-	218,648	209,512
Inventory	27,987	-	-	27,987	27,987
Prepaid expenses	19,732	-	-	19,732	18,320
	518,179	-	-	518,179	315,082
CAPITAL ASSETS (Note 5)	-	79,926	-	79,926	87,606
RESTRICTED CASH (Note 6)	-	-	65,000	65,000	65,000
INTERFUND LOANS	(17,882)	17,882	-	-	-
	\$ 500,297	\$ 97,808	\$ 65,000	\$ 663,105	\$ 467,688



WINNIPEG FILM GROUP INC.

Statement of Financial Position

June 30, 2021

	Operating <i>Fund</i>	Capital <i>Fund</i>	Restricted <i>Fund</i>	Total 2021	Total 2020
LIABILITIES AND NET ASSETS					
CURRENT					
Accounts payable and accrued liabilities	\$ 118,178	\$ -	\$ -	\$ 118,178	\$ 87,413
Government remittances payable	21	-	-	21	613
Deferred revenue <i>(Note 7)</i>	130,452	-	-	130,452	280,333
	248,651	-	-	248,651	368,359
DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS <i>(Note 8)</i>					
	-	98,437	-	98,437	107,953
	248,651	98,437	-	347,088	476,312
NET ASSETS					
Unrestricted	251,646	-	-	251,646	(71,159)
Externally Restricted <i>(Note 6)</i>	-	-	62,500	62,500	62,500
Internally Restricted <i>(Note 6)</i>	-	-	2,500	2,500	2,500
Invested in Capital Assets	-	(629)	-	(629)	(2,465)
	251,646	(629)	65,000	316,017	(8,624)
	\$ 500,297	\$ 97,808	\$ 65,000	\$ 663,105	\$ 467,688

ON BEHALF OF THE BOARD


 _____ Director

 _____ Director

WINNIPEG FILM GROUP INC.
Statement of Revenues and Expenditures
Year Ended June 30, 2021

	Operating Fund	Capital Fund	2021	2020
REVENUE				
Cinematheque	\$ 347,449	\$ 12,639	\$ 360,088	\$ 432,174
Distribution	204,439	8,317	212,756	178,415
Production	372,131	18,060	390,191	365,760
	924,019	39,016	963,035	976,349
EXPENSES				
Cinematheque	383,004	24,590	407,594	498,133
Distribution	196,572	6,492	203,064	179,749
Production	330,618	14,590	345,208	414,024
	910,194	45,672	955,866	1,091,906
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FROM OPERATIONS				
	13,825	(6,656)	7,169	(115,557)
OTHER INCOME				
Canada emergency wage subsidy	267,724	-	267,724	76,627
Canada emergency rent subsidy	49,748	-	49,748	-
Temporary wage subsidy	-	-	-	9,497
	317,472	-	317,472	86,124
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES				
	\$ 331,297	\$ (6,656)	\$ 324,641	\$ (29,433)

WINNIPEG FILM GROUP INC.
Statement of Changes in Net Assets
Year Ended June 30, 2021

	Unrestricted Fund	Restricted Fund	Invested in Fixed Assets	2021	2020
NET ASSETS -					
BEGINNING OF YEAR \$	(71,159) \$	65,000 \$	(2,465) \$	(8,624) \$	20,809
Excess of revenue over expenses	331,297	-	(6,656)	324,641	(29,433)
Purchase of fixed assets	(37,992)	-	37,992	-	-
Deferred contributions received	29,500	-	(29,500)	-	-
NET ASSETS - END OF					
YEAR	\$ 251,646	\$ 65,000	\$ (629)	\$ 316,017	\$ (8,624)

WINNIPEG FILM GROUP INC.**Statement of Cash Flows****Year Ended June 30, 2021**

	2021	2020
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ 324,641	\$ (29,433)
Items not affecting cash:		
Amortization of capital assets	45,672	43,758
Amortization of deferred contributions related to capital assets	(39,016)	(43,226)
	331,297	(28,901)
Changes in non-cash working capital:		
Accounts receivable	(9,136)	(71,222)
Inventory	-	(26,625)
Prepaid expenses	(1,412)	(1,466)
Accounts payable and accrued liabilities	30,765	(64,001)
Government remittances payable	(592)	935
Deferred revenue	(149,881)	155,087
	(130,256)	(7,292)
Cash flow from (used by) operating activities	201,041	(36,193)
INVESTING ACTIVITIES		
Purchase of capital assets	(37,992)	(20,705)
Grants received for capital assets	29,500	29,400
Cash flow from (used by) investing activities	(8,492)	8,695
INCREASE (DECREASE) IN CASH FLOW	192,549	(27,498)
CASH - BEGINNING OF YEAR	124,263	151,761
CASH - END OF YEAR	\$ 316,812	\$ 124,263
CASH CONSISTS OF:		
Cash	\$ 251,812	\$ 59,263
Restricted Cash	65,000	65,000
	\$ 316,812	\$ 124,263

WINNIPEG FILM GROUP INC.

Notes to Financial Statements

Year Ended June 30, 2021

1. PURPOSE OF THE ORGANIZATION

Winnipeg Film Group Inc. (the "Organization") is an artist run education, production, exhibition, and distribution centre committed to promoting the art of independent cinema. The Organization's vision is to be a world class film centre in Manitoba that supports filmmakers, engages the community and expands the appreciation of independent cinema.

The Organization is incorporated under the laws of the Province of Manitoba and is a registered charity under the Income Tax Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO) and, in management's opinion, with consideration of materiality and within the framework of the following accounting policies:

Fund accounting

These financial statements include the following funds:

- The Operating Fund reports the assets, liabilities, revenue and expenditures related to the Organization's operating activities.
- The Capital Fund reports the assets, liabilities, revenue and expenditures related to the Organization's capital assets.
- The Restricted Fund reports externally and internally restricted reserves as follows:
 - An externally restricted working capital reserve. The working capital reserve, originally provided by Arts Stabilization Manitoba Inc. on the basis that the reserve be maintained in perpetuity, is to act as an internal line of credit, to be borrowed and utilized in operations during periods of negative cash flow and be repaid within the annual fiscal period.
 - An internally restricted reserve to meet the deductible required by the Organization's insurance terms of coverage.

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WINNIPEG FILM GROUP INC.

Notes to Financial Statements

Year Ended June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

Winnipeg Film Group Inc. follows the deferral method of accounting for contributions.

Unrestricted grant revenue for ongoing operations throughout the year are recognized at the time they are awarded.

Restricted grant revenue for projects and specific purposes are recognized in the period in which the related expenditures are incurred.

Ticket sales revenue is recognized in the period that the event occurs.

Rental revenue is recognized in the period of use of the rental asset.

Membership revenue is recognized over the membership period.

Investment revenue is recognized over the period earned.

Inventory

Inventory is comprised of film stock, DVD and books for sale and is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

Capital assets

Capital assets are stated at cost less accumulated amortization. Capital assets are amortized over their estimated useful lives at the following rates and methods:

Furniture, fixtures and cinema renovations	10 years	straight-line method
Film and video equipment	5 years	straight-line method
Corporate identity, website, software, and office computers	3 years	straight-line method

Deferred contributions for capital assets

Contributions received relating to the acquisition of capital assets are recorded on the statement of financial position as a deferral, and recognized as revenue annually at the same rate as the amortization of the related capital assets acquired.

Financial instruments

The Organization recognizes its financial instruments when it becomes party to the contractual provisions of the financial instrument. Financial instruments, except for financial assets with actively traded markets, are initially recorded at fair value with subsequent reporting at amortized cost. In subsequent periods, financial assets with actively traded markets are reported at fair value with any unrealized gains and losses reported in the statement of operations.

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WINNIPEG FILM GROUP INC.

Notes to Financial Statements

Year Ended June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Allocation of expenditures

The Organization classifies its expenditures by program and allocates its administrative expenditures to a number of programs to which the expenditures relate. Administrative expenditures that are not directly connected to any one program have been allocated 40% to Cinematheque, 40% to Production and 20% to Distribution.

3. LINE OF CREDIT

A line of credit has been authorized by Assiniboine Credit Union to a maximum of \$20,000 (2020 - \$20,000) and bears interest at prime plus 3% per annum, currently 5.45% (2020 - 5.45%), of which \$20,000 (2020 - \$20,000) is secured by a General Security Agreement. The line of credit was not in use at June 30, 2021 nor at June 30, 2020.

4. ACCOUNTS RECEIVABLE

	2021	2020
Accounts receivable	\$ 1,989	\$ 83,191
Awards receivable	45,442	43,307
Canada emergency wage subsidy receivable	145,206	86,124
Canada emergency rent subsidy receivable	26,011	-
Subtotal	218,648	212,622
Allowance for doubtful accounts	-	(3,110)
	\$ 218,648	\$ 209,512

WINNIPEG FILM GROUP INC.**Notes to Financial Statements****Year Ended June 30, 2021**

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2021 Net book value
Administration equipment	\$ 89,847	\$ 84,005	\$ 5,842
Cinematheque renovations and equipment	581,143	553,511	27,632
Corporate identity	2,067	2,067	-
Distribution equipment	104,193	97,632	6,561
Production equipment	590,767	551,567	39,200
Website	72,591	71,900	691
	\$ 1,440,608	\$ 1,360,682	\$ 79,926

	Cost	Accumulated amortization	2020 Net book value
Administration equipment	\$ 87,670	\$ 81,261	\$ 6,409
Cinematheque renovations & equipment	571,042	534,140	36,902
Corporate identity	2,067	2,067	-
Distribution equipment	100,040	91,141	8,899
Production equipment	569,206	536,977	32,229
Website	72,591	69,424	3,167
	\$ 1,402,616	\$ 1,315,010	\$ 87,606

6. RESTRICTED CASH

The \$65,000 (2020 - \$65,000) of restricted cash consists of \$62,500 (2020 - \$62,500) externally restricted for the Working Capital reserve and \$2,500 (2020 - \$2,500) internally restricted for insurance purposes. As there is an ongoing commitment that the reserves remain funded, the cash has been classified as a long-term asset.

7. DEFERRED REVENUE

	2020	Additions	Revenue recognized	2021
Advance revenues	\$ 8,214	\$ 5,922	\$ 234	\$ 13,902
Grants	226,699	110,239	244,388	92,550
Production awards	45,000	18,000	39,000	24,000
Workshop fees	420	-	420	-
	\$ 280,333	\$ 134,161	\$ 284,042	\$ 130,452

WINNIPEG FILM GROUP INC.

Notes to Financial Statements

Year Ended June 30, 2021

8. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

	2020	Additions	Amortization	2021
Administrative equipment	\$ 3,906	\$ -	\$ 1,763	\$ 2,143
Cinematheque renovations & equipment	51,212	7,240	8,813	49,639
Distribution equipment	15,300	4,200	8,362	11,138
Production equipment	35,335	18,060	17,878	35,517
Website	2,200	-	2,200	-
	<u>\$ 107,953</u>	<u>\$ 29,500</u>	<u>\$ 39,016</u>	<u>\$ 98,437</u>

9. LEASE COMMITMENT

The Organization leases certain premises in the Artspace building under an agreement to January 31, 2023. Rental charges are adjusted each year on September 1st. The minimum annual rental charge over this period is \$56,846.

10. FINANCIAL INSTRUMENTS

It is management's opinion that the Organization is not exposed to significant credit, currency, interest rate, liquidity, market or other price risks arising from its financial instruments.

11. ECONOMIC DEPENDENCE

The volume of financial activity undertaken by the Organization with its funding bodies is of sufficient magnitude that the discontinuance of funding would endanger the ability of the Organization to continue as a going concern.

12. IMPACT OF COVID 19

In March 2020, the World Health Organization declared the outbreak of novel coronavirus (COVID-19) as a global pandemic, which continues to spread in Canada and around the world.

As at June 30, 2021, the organization is aware of the changes in its operations as a result of the COVID-19 pandemic, including the temporary closure of the cinema, which reopened in August 2021. During closures staff were laid off, and in August 2021 staff were subsequently hired to operate the cinema. The organization has received funding through the Canada Emergency Wage Subsidy (CEWS) and has received \$267,724 in the current fiscal year, as well as \$49,748 of funding through the Canada Emergency Rent Subsidy (CERS). At this time the organization cannot reasonably estimate the impact, but does expect to be able to continue to operate as a going concern.

13. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

Winnipeg Film Group Schedule of Revenue

Year Ended June 30	Total	
	2021	2020
Operating Fund		
REVENUES		
Earned revenue		
Admissions	23,445	102,730
Distribution revenue	47,218	38,448
Facility rental revenue		
Rental revenue - cinema	598	24,875
Rental revenue - equipment	9,509	25,345
Rental revenue - other	7,663	14,211
Total facility rental revenue	17,770	64,431
Workshops, classes and conferences	11,536	15,378
Membership dues and fees	10,117	22,040
Sales and Commissions		
Ad sales	-	600
Concession sales	2,695	32,540
External production revenue	830	2,273
Liability insurance	7,050	6,450
Media stock	4,817	7,534
Members' recoveries	390	268
Merchandise/publications	1,614	3,319
PST	102	-
Sales and commissions - other	1,236	5,338
Services in kind	17,618	29,641
WFG Access Bursary	260	805
Total sales and commissions	36,612	88,768
Trust and investment revenue	2,700	1,789
Other earned revenue	696	780
Total earned revenue	150,094	334,363
Private sector revenue		
Individual donations	6,048	6,231
Corporate sponsorships	16,504	36,858
Foundation grants and donations	125,000	50,000
Fundraising events	-	823
Other private sector revenue	3,900	4,300
Total private sector revenue	151,452	98,213

Winnipeg Film Group
Schedule of Revenue - continued

Year Ended June 30	Total	
	2021	2020
Public sector revenue		
Federal government		
Canada Council - operating	285,870	263,370
Canada Council - other	78,900	-
Telefilm	6,313	2,012
Total federal government	<u>371,083</u>	<u>265,382</u>
Provincial government		
Manitoba Arts Council - operating	95,000	95,000
Manitoba Arts Council - Management & governance	3,077	-
Other	11,700	11,700
Province of Manitoba	70,000	-
Manitoba Film and Sound		
Development Corporation	20,000	20,000
Total provincial government	<u>199,777</u>	<u>126,700</u>
Municipal government		
Winnipeg Arts Council - operating	49,275	54,751
Other public sector revenue	-	10,280
Total public sector revenue	<u>620,135</u>	<u>457,112</u>
Other Revenue	<u>2,338</u>	<u>43,436</u>
	<u>924,019</u>	<u>933,123</u>
OTHER INCOME		
Canada emergency wage subsidy	267,724	76,627
Canada emergency rent subsidy	49,748	-
Temporary wage subsidy	-	9,497
	<u>317,472</u>	<u>86,124</u>
	<u>1,241,491</u>	<u>1,019,247</u>
Capital Fund		
Amortization of		
deferred contributions	<u>39,016</u>	<u>43,226</u>

Winnipeg Film Group Schedule of Expenses

Year Ended June 30	Total	
	2021	2020
Operating Fund		
Artistic expenditures		
Artist fees		
Artist fees	2,550	4,640
Artist royalties	33,323	27,524
Awards	49,768	59,641
Cine at Home streaming	1,389	-
Curator fees	3,800	1,050
Film rental and artist fees	21,206	56,933
Juror fees	5,450	3,325
Total artist fees	<u>117,485</u>	<u>153,112</u>
Artistic salaries and benefits	<u>217,031</u>	<u>223,005</u>
Production and technical salaries	<u>111,312</u>	<u>126,456</u>
Exhibition, programming and production expenditures		
Artist travel and accommodations	-	2,653
Bad debts	5,457	-
Corporate expenditures	5,459	9,151
Courier, shipping and postage	2,958	11,372
Equipment under \$1,000 and rentals	2,948	4,969
External production services	323	2,533
Food, Beverages and supplies	-	5,622
Jury expenditures	-	36
Licenses	1,528	1,502
Office supplies	3,694	5,612
Merchandise for resale	789	-
Planning and development	3,076	-
Purchases for resale	8,292	7,460
Services in kind	-	7,119
Special projects	519	6,484
Staff travel and training	2,687	13,482
Telephone and internet	6,446	6,691
Translation expenditures	91	-
Volunteer debits and member costs	544	1,176
Total exhibition, programming and production expenditures	<u>44,811</u>	<u>85,860</u>

Winnipeg Film Group

Schedule of Expenses - continued

Year Ended June 30	Total	
	2021	2020
Professional development programming		
Artist travel and accommodations	-	3,044
Documentary forum production	-	690
Courier, shipping and postage	19	28
Office supplies	-	884
Licenses, memberships and registration	2,264	-
Workshop	8,887	36,770
Total professional development programming	11,170	41,415
Catalogue, publication and documentation	160	16,520
Collections management	1,412	1,381
Education, audience development and outreach		
Access bursary and memberships	714	2,994
Outreach	-	1,820
Other education and audience development	-	6,644
Special projects	25,000	-
Total education, audience development and outreach	25,714	11,458
Total artistic expenditures	529,096	659,207
Facility operating expenditures		
Facility operating salaries	13,153	31,928
General facility expenditures		
Concession purchases	895	12,341
Organization, equipment and facility insurance	33,108	34,072
Repairs and maintenance	14,139	14,334
Repairs and replacements - flood	-	3,633
Supplies	1,217	-
Workers compensation	1,062	1,324
Total general facility expenditures	50,420	58,437
Rent	48,747	46,120
Total facility operating expenditures	112,319	136,485

Winnipeg Film Group
Schedule of Expenses - continued

Year Ended June 30	Total	
	2021	2020
Marketing and communication		
Marketing production	<u>16,375</u>	<u>19,694</u>
Total marketing and communication expenditures	<u>16,375</u>	<u>19,694</u>
Fundraising expenditures		
Fundraising expenditures	<u>-</u>	<u>37</u>
Total fundraising expenditures	<u>-</u>	<u>37</u>
Administration expenditures		
Administration salaries and fees	208,503	179,384
Professional fees	19,790	32,258
Rent of administrative spaces	11,889	11,337
COVID-19 staff costs	6,875	-
Bank and services expenditures	<u>5,348</u>	<u>9,749</u>
Total administration expenditures	<u>252,405</u>	<u>232,727</u>
	<u>910,194</u>	<u>1,048,149</u>
<hr/>		
Capital Fund		
Amortization of capital assets	<u>45,672</u>	<u>43,757</u>