

**ARTISTS FILM EXHIBITION GROUP OF ONTARIO**

**FINANCIAL STATEMENTS**

**AUGUST 31, 2020**





## INDEPENDENT AUDITOR'S REPORT

To the Members of  
Artists Film Exhibition Group of Ontario  
Report on the Audit of the Financial Statements

### *Opinion*

I have audited the financial statements of Artists Film Exhibition Group of Ontario ("the Organization"), which comprise the statement of financial position as at August 31, 2020, the statement of operations and changes in net assets, and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the accompanying financial statements present fairly, in all material respects, the financial position of Artists Film Exhibition Group of Ontario as at August 31, 2020, 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*

In common with many charitable organizations, the organization derives revenue from sponsorships, admissions, rental, book sales, and membership fees the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of these amounts was limited to the amounts recorded in the organization's accounting records and I was not able to determine whether any adjustments might be necessary to sponsorships, admissions, rental, book sales and membership fees.

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Organization in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of these 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 these 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 AUDITOR'S REPORT (Continued)


### *Auditor's Responsibilities for the Audit of the Financial Statements*

My 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 my 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, I exercise professional judgement and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I communicated 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 I identify during my audit.

Richmond Hill, Ontario  
March 5, 2021  
May 7, 2021 (Note 11)

  
Chartered Professional Accountant  
Licensed Public Accountant



**ARTISTS FILM EXHIBITION GROUP OF ONTARIO**

**STATEMENT OF FINANCIAL POSITION**

**AS AT AUGUST 31, 2020**

|                                      | <b><u>2020</u></b><br><b>RESTATED</b><br><b>(Note 11)</b> | <b><u>2019</u></b><br><b>RESTATED</b><br><b>(Note 10)</b> |
|--------------------------------------|---|---|
| <b><u>ASSETS</u></b>                 |   |   |
| <b><u>CURRENT</u></b>                |   |   |
| Cash                                 | \$ 57,428   | \$ 28,578   |
| HST/GST Recoverable                  | 11,299  | 9,392   |
| Prepaid Expenses                     | 200   | 200   |
|                                      | <u>68,927</u>   | <u>38,170</u>   |
| <b><u>CAPITAL ASSET (Note 5)</u></b> | <u>4,989</u>  | <u>-</u>  |
|                                      | <u>\$ 73,916</u>  | <u>\$ 38,170</u>  |

**LIABILITIES AND NET ASSETS**

|   |                  |                  |
|---|------------------|------------------|
| <b><u>CURRENT</u></b>   |                  |                  |
| Accounts Payable  | \$ 7,882         | \$ 2,200         |
| Source Deductions Payable   | -                | 2,804            |
| Deferred Contributions (Note 3, 10, 11)   | 58,460           | 29,219           |
|   | <u>66,342</u>    | <u>34,223</u>    |
| <b><u>DEFERRED CONTRIBUTIONS</u></b><br><b><u>RELATED TO CAPITAL ASSETS</u></b> | <u>4,989</u>     | <u>-</u>         |
| <b><u>NET ASSETS</u></b>  | <u>2,585</u>     | <u>3,947</u>     |
|   | <u>\$ 73,916</u> | <u>\$ 38,170</u> |

APPROVED BY THE BOARD:

Andrea Creamer Director

Shahbaz Khayambashi Director

**ARTISTS FILM EXHIBITION GROUP OF ONTARIO**

**STATEMENT OF NET ASSETS**

**FOR THE YEAR ENDED AUGUST 31, 2020**

|  | <u>2020</u>      | <u>2019</u>     |
|--|------------------|-----------------|
| <b><u>BALANCE</u>, Beginning of the Year, as previously stated</b> | \$ 22,466        | \$ 14,887       |
| <b><u>PRIOR PERIOD ADJUSTMENT (Note 10)</u></b>                    | ( 18,519 )       | ( 18,519 )      |
| <b><u>NET ASSETS</u>, Beginning of the Year, restated</b>          | 3,947            | ( 3,632 )       |
| <b><u>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</u></b>         | <u>( 1,362 )</u> | <u>7,579</u>    |
| <b><u>BALANCE</u>, End of the Year, restated</b>                   | <u>\$ 2,585</u>  | <u>\$ 3,947</u> |

**ARTISTS FILM EXHIBITION GROUP OF ONTARIO**

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED AUGUST 31, 2020**

|   | <u>2020</u><br><u>(Note 11)</u> | <u>2019</u><br><u>(Note 10)</u> |
|---|---------------------------------|---------------------------------|
| <b><u>REVENUE</u></b>                                 |                                 |                                 |
| Grants (Note 4, 11)                                   | \$ 83,683                       | \$ 81,449                       |
| Sponsorships  | -                               | 75                              |
| Admissions, Rental and Book Sales                     | 2,155                           | 3,677                           |
| Membership Fees                                       | 300                             | 310                             |
| Interest  | -                               | 2                               |
| Other income  | 1,498                           | 2,083                           |
|   | <u>87,636</u>                   | <u>87,596</u>                   |
| <b><u>EXPENSES</u></b>                                |                                 |                                 |
| <b><u>Administrative:</u></b>                         |                                 |                                 |
| Bank Charges  | 374                             | 371                             |
| Computer and Software                                 | 4,396                           | 334                             |
| GST/HST   | 593                             | 552                             |
| Office Expenses                                       | 7,217                           | 10,037                          |
| Professional Fees                                     | 3,403                           | 4,345                           |
| Program Co-ordinator and Benefits                     | 44,962                          | 35,499                          |
| Rent  | 4,884                           | 4,652                           |
| Shipping  | -                               | 50                              |
| Telephone and Communications                          | 495                             | -                               |
|   | <u>66,324</u>                   | <u>55,840</u>                   |
| <b><u>Program:</u></b>                                |                                 |                                 |
| Artist Fees and Honoraria                             | 14,529                          | 13,046                          |
| Travel  | -                               | 304                             |
| Venue Rental, Projectionist and Presentation Expenses | 1,281                           | 2,528                           |
|   | <u>15,810</u>                   | <u>15,878</u>                   |
| <b><u>Publicity:</u></b>                              |                                 |                                 |
| Posters and Program Notes                             | 46                              | 672                             |
| Publicity and Press                                   | 5,947                           | 2,800                           |
| Project Expenses                                      | 871                             | 4,827                           |
|   | <u>6,864</u>                    | <u>8,299</u>                    |
|   | <u>88,998</u>                   | <u>80,017</u>                   |
| <b><u>EXCESS (DEFICIENCY) OF REVENUE</u></b>          |                                 |                                 |
| <b><u>OVER EXPENSES</u></b> (Note 10, 11)             | <u>\$ (1,362)</u>               | <u>\$ 7,579</u>                 |

**ARTISTS FILM EXHIBITION GROUP OF ONTARIO**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED AUGUST 31, 2020**

|  | <u>2020</u>      | <u>2019</u>       |
|--|------------------|-------------------|
| <b><u>CASH FLOWS PROVIDED BY (USED IN)</u></b>             |                  |                   |
| <b><u>OPERATING ACTIVITIES</u></b>                         |                  |                   |
| Excess (Deficiency) of Revenue over Expenses               | \$ ( 1,362 )     | \$ 7,579          |
| <b><u>Net Change in Non-Cash Working Capital</u></b>       |                  |                   |
| HST/GST Recoverable  | ( 1,907 )        | ( 1,268 )         |
| Accounts Payable   | 5,682            | ( 2,611 )         |
| Source Deductions Payable                                  | ( 2,804 )        | 2,001             |
| Deferred Contributions                                     | 29,241           | ( 44,300 )        |
|  | <u>30,212</u>    | <u>( 46,178 )</u> |
| <b><u>INCREASE (DECREASE) IN CASH, during the Year</u></b> | 28,850           | ( 38,599 )        |
| <b><u>BALANCE OF CASH, Beginning of Year</u></b>           | <u>28,578</u>    | <u>67,177</u>     |
| <b><u>BALANCE OF CASH, End of Year</u></b>                 | <u>\$ 57,428</u> | <u>\$ 28,578</u>  |

**ARTISTS FILM EXHIBITION GROUP OF ONTARIO**

**NOTES TO THE FINANCIAL STATEMENTS**

**AUGUST 31, 2020**

**PURPOSE:**

The Artists Film Exhibition Group of Ontario is an Ontario not-for-profit corporation, incorporated without share capital and, accordingly, is not subject to income taxes. The purpose of the organization is to present a broad-based selection of artists' films that may not otherwise be seen by the public.

**1. SIGNIFICANT ACCOUNTING POLICIES:**

The accounting policies of the organization are in accordance with Canadian accounting standards for not-for-profit organizations applied on a basis consistent with that of the preceding year. Outlined below are those policies considered particularly significant:

**Revenue and Expense Recognition**

Government assistance related to current expenditures is reflected in the accounts as a revenue item in the current year. Assistance related to the purchase of capital assets is amortized over the same period as the related capital asset and is reflected in the financial statements as a reduction in amortization expense.

The organization follows the deferral method of revenue recognition for grant revenue. Under the deferral method, grant contributions received in advance of the year in which they are to be expended are classified as deferred contributions. Sponsorships, admissions, rental, book sales, membership fees, and other revenue are recorded on the cash basis.

Expenses are recorded on the accrued basis.

**2. FINANCIAL INSTRUMENTS - RISK MANAGEMENT:**

**a) Interest Rate Risk**

Interest rate risk is the risk of potential financial loss caused by fluctuations in their fair value of future cash flow of financial instruments due to changes in market interest rates.

**b) Credit Risk**

Credit risk is the potential for financial loss should a counter-party in a transaction fail to meet its obligations.



**ARTISTS FILM EXHIBITION GROUP OF ONTARIO**

**NOTES TO THE FINANCIAL STATEMENTS**

**AUGUST 31, 2020**

**2. FINANCIAL INSTRUMENTS - RISK MANAGEMENT: (Continued)**

**c) Currency Risk**

Currency risk is the risk of potential change in price of one currency against another currency.

There has been no change in the risk factors during the 2020 fiscal year.

The organization's financial instruments consist of cash, accounts receivable, bank indebtedness, accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, credit or currency risks. The fair value of these financial instruments approximates their carrying values.

**3. DEFERRED CONTRIBUTIONS:**

The organization follows the deferred method of accounting for grants.

Deferred Contributions are analyzed as follows:

|                                  | <u>2020</u>      | <u>2019</u>      |
|----------------------------------|------------------|------------------|
| Canada Council - Operating       | \$ 16,200        | \$ -             |
| Canada Council- Project          | 10,000           | 10,700           |
| Ontario Arts Council- Operating  | 9,260            | 18,519           |
| Toronto Arts Council - Operating | 23,000           | -                |
|                                  | <u>\$ 58,460</u> | <u>\$ 29,219</u> |

Continuity of Deferred Contributions for the year is as follows:

|   |                   |                   |
|---|-------------------|-------------------|
| Deferred Contributions, Beginning of the Year | \$ 10,700         | \$ 55,000         |
| Add - Received during the year                | 112,924           | 37,149            |
| Less - Recognized during the year             | <u>( 83,683 )</u> | <u>( 81,449 )</u> |
|   | <u>\$ 39,941</u>  | <u>\$ 10,700</u>  |

**ARTISTS FILM EXHIBITION GROUP OF ONTARIO**

**NOTES TO THE FINANCIAL STATEMENTS**

**AUGUST 31, 2020**

**4. GRANTS:**

Grants are summarized as follows:

|                            | <u>2020</u>      | <u>2019</u>      |
|----------------------------|------------------|------------------|
| <b>Operating:</b>          |                  |                  |
| Canada Council             | \$ 42,164        | \$ 32,000        |
| Ontario Arts Council       | 18,519           | 18,519           |
| Toronto Arts Council       | 23,000           | 23,000           |
|                            | <u>83,683</u>    | <u>73,519</u>    |
| <b>Project:</b>            |                  |                  |
| Canada Council             | -                | 7,930            |
| <b>Total Grant Revenue</b> | <u>\$ 83,683</u> | <u>\$ 81,449</u> |

**5. CAPITAL ASSETS:**

|                    | <u>2020</u>      |                                     |                 | <u>2019</u> |
|--------------------|------------------|-------------------------------------|-----------------|-------------|
|                    | <u>Cost</u>      | <u>Accumulated<br/>Amortization</u> | <u>Net</u>      | <u>Net</u>  |
| Equipment          | \$ 15,988        | \$ 10,999                           | \$ 4,989        | \$ -        |
| Computer Equipment | 4,896            | 4,896                               | -               | -           |
|                    | <u>\$ 20,884</u> | <u>\$ 15,895</u>                    | <u>\$ 4,989</u> | <u>\$ -</u> |

**6. AMORTIZATION**

|  | <u>2020</u> |
|--|-------------|
| Amortization of Deferred Contributions Related to Capital Assets | \$ 1,247    |
| Amortization of Capital Assets                                   | ( 1,247 )   |
|  | <u>\$ -</u> |

**7. USE OF ESTIMATES:**

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

**ARTISTS FILM EXHIBITION GROUP OF ONTARIO**

**NOTES TO THE FINANCIAL STATEMENTS**

**AUGUST 31, 2020**

**8. CAPITAL MANAGEMENT AND ECONOMIC DEPENDENCE:**

The organization includes cash, accounts receivable, accounts payable, deferred contributions, and net assets in its capital management consideration. The organization's objectives when managing capital are to safeguard its ability to continue as a going concern and continue to execute its mandate.

The organization monitors these items to assess its ability to fulfill its ongoing financial obligations. Adjustments are made to budgeted expenditures in light of changes. The organization is not subject to externally imposed capital requirements.

The organization depends upon government grants for continued operations.

**9. CONTRIBUTED MATERIALS AND SERVICES:**

The organization is the recipient of volunteer services. The organization does not record the value of volunteer services in their books and records, as the value of such services is not readily ascertainable.

**10. PRIOR PERIOD ADJUSTMENT**

The fiscal 2019 deferred contributions balance and ending member's equity have been adjusted to reflect the grant revenue that should have been recorded as deferred contributions in the previous years'. The 2019 deferred contributions balance has increased by \$18,519 and the 2019 opening member's equity balance has decreased by \$18,519.

**11. RESTATEMENT OF FINANCIAL STATEMENTS:**

The previously issued financial statements dated March 5, 2021 have been adjusted to recognize grant income of \$18,519 from Ontario Arts Council and to defer \$11,200 of grant income to the subsequent fiscal year from Canada Council of the Arts. As a consequence of these adjustments grant income has increased by \$7,319, deferred contributions has increased by \$11,200 and members' equity balance at the end of the year has increased by \$11,200.