

Video Pool Inc.
Financial Statements

June 30, 2022

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Independent Auditors' Report

To the Directors of
Video Pool Inc.

Opinion

We have audited the financial statements of Video Pool Inc. (the "Organization") which comprise the statement of financial position as at June 30, 2022, and the statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at June 30, 2022, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 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 these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 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.

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 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.

Independent Auditors' Report - continued

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 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 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, Canada
Date to be determined

Chartered Professional Accountants

Video Pool Inc.
Statement of Operations

Year ended June 30

2022

2021
(Note 13)

Revenues

Grants

Canada Council for the Arts - Operating	\$ 162,926	\$ 146,522
Canada Council for the Arts - Project Funding	25,500	112,110
Manitoba Arts Council	95,060	95,060
The Winnipeg Foundation	-	15,000
Winnipeg Arts Council	32,175	32,175
Canadian Museums Associations	13,002	4,431
The Thomas Sill Foundation	10,000	-
Department of Sport, Culture & Heritage	-	3,500
Amortization of deferred capital grants (Note 9)	37,608	19,719
Equipment and studio rental	20,151	4,942
Distribution revenue	10,382	7,930
Donations	5,384	2,172
Membership fees	3,879	1,755
Miscellaneous	2,325	2,506
Interest revenue	1,801	1,263
Workshop fees	1,323	-
	<u>421,516</u>	<u>449,085</u>

Expenditures

Advertising and promotion	2,489	3,192
Amortization	42,542	22,397
Artist fees	28,361	33,109
Bad debts	237	1,301
Contract labour	16,030	51,097
Exhibition fees	15,008	17,134
Funds - Professional Development Program - Wendy Geller Fund	-	500
Insurance	7,106	7,114
Interest and bank charges	929	1,534
License and membership dues	3,964	3,168
Office and administration	5,678	5,709
Professional and consulting	19,969	33,164
Publications	-	1,454
Rent (Note 10)	40,194	39,555
Repairs and maintenance	1,892	2,146
Salaries and benefits (Note 2(h))	208,500	151,502
Telephone and internet	2,223	5,600
Travel	1,418	-
Wages and benefits	13,642	14,020
	<u>410,182</u>	<u>393,696</u>

Excess of revenues over expenditures before other income	11,334	55,389
Forgiveness of government loan payable	<u>10,000</u>	<u>10,000</u>
Excess of revenues over expenditures	<u>\$ 21,334</u>	<u>\$ 65,389</u>

See accompanying notes to the financial statements.

Video Pool Inc.
Statement of Changes in Fund Balances
Year ended June 30, 2022

	Unrestricted Fund	Wendy Geller Fund	Internally Restricted Fund (Note 11)	Total 2022	Total 2021
Fund balance, beginning of year	\$ 64,957	\$ 6,449	\$ 65,000	\$ 136,406	\$ 71,017
Excess of revenues over expenditures	<u>21,324</u>	<u>10</u>	<u>-</u>	<u>21,334</u>	<u>65,389</u>
Fund balance, end of year	<u>\$ 86,281</u>	<u>\$ 6,459</u>	<u>\$ 65,000</u>	<u>\$ 157,740</u>	<u>\$ 136,406</u>

See accompanying notes to the financial statements.

Video Pool Inc.
Statement of Financial Position

June 30

2022

2021

Assets

Current

Cash (Note 3)	\$ 410,463	\$ 239,270
Short-term deposit	40,560	40,000
Receivables (Note 4)	6,397	5,876
Inventory	1,024	1,014
Prepaid expenses	<u>6,335</u>	<u>5,256</u>

464,779 291,416

Property and equipment (Note 5)	<u>162,020</u>	<u>70,362</u>
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\$ 626,799 **\$ 361,778**

Liabilities

Current

Payables and accruals (Note 6)	\$ 43,349	\$ 40,301
Deferred revenue (Note 7)	<u>232,000</u>	<u>86,500</u>

275,349 126,801

Government loan payable (Note 8)	<u>40,000</u>	30,000
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Deferred contributions related to property and equipment (Note 9)	<u>153,710</u>	<u>68,571</u>
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469,059 **225,372**

Fund Balances

Unrestricted Fund	86,281	64,957
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Wendy Geller Fund	6,459	6,449
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Internally Restricted Fund (Note 11)	<u>65,000</u>	<u>65,000</u>
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157,740 **136,406**

\$ 626,799 **\$ 361,778**

Commitment (Note 10)

Approved by the Board

_____ Director

_____ Director

See accompanying notes to the financial statements.

Video Pool Inc.
Statement of Cash Flows

Year ended June 30

2022

2021

Cash derived from (applied to):

Operating

Excess of revenues over expenditures	\$ 21,334	\$ 65,389
Adjustments for		
Amortization	42,542	22,397
Amortization of deferred capital grants	(37,608)	(19,719)
Forgiveness of government loan payable	<u>(10,000)</u>	<u>(10,000)</u>

16,268 58,067

Change in non-cash operating working capital items

Receivables	(521)	31,460
Inventory	(10)	-
Prepaid expenses	(1,079)	-
Payables and accruals	3,048	13,465
Deferred revenue	<u>145,500</u>	<u>(134,071)</u>

163,206 (31,079)

Financing

Proceeds from long-term debt	20,000	-
Deferred contributions related to property and equipment received	<u>122,747</u>	<u>16,594</u>

142,747 16,594

Investing

Purchase of short-term deposit	(40,560)	(40,000)
Maturity of short-term deposit	40,000	-
Purchase of property and equipment	<u>(134,200)</u>	<u>(45,917)</u>

(134,760) (85,917)

Net increase (decrease) in cash

171,193 (100,402)

Cash

Beginning of year **239,270** 339,672

End of year **\$ 410,463** \$ 239,270

See accompanying notes to the financial statements.

Video Pool Inc.
Notes to the Financial Statements
June 30, 2022

1. Nature of operations

Video Pool Inc. (the "Organization") is a not-for-profit organization incorporated without share capital under the Corporations Act of Manitoba. Its purpose is to promote video, audio and multimedia products. As a registered charity, it is exempt from income taxes under the *Income Tax Act of Canada*.

2. Summary of significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are detailed as follows:

(a) Fund accounting

The Unrestricted Fund accounts for revenues and expenses related to program delivery and administrative activities.

The Wendy Geller Fund was established in memory of Wendy Geller, and in dedication to her commitment to the artistic community to assist artists in the completion of new media projects.

The Internally Restricted Fund includes monies segregated for a specialized purpose.

(b) Short-term deposit

The short-term deposit is comprised of a redeemable guaranteed investment certificate and is recorded at amortized cost, which approximates fair value. As at June 30, 2022, the effective interest rate was 1.2% per annum with a maturity date falling in the next fiscal year.

(c) Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method.

(d) Property and equipment

Property and equipment are recorded at cost and are being amortized over their estimated useful lives on a straight-line method. The annual amortization rates are as follows:

Audio video equipment	5 years
Furniture and fixtures	5 years
Leasehold improvements	10 years
Computer hardware and software	3 years

Video Pool Inc.
Notes to the Financial Statements
June 30, 2022

2. Summary of significant accounting policies - continued

(e) Revenue recognition

The Organization follows the deferral method of accounting for contributions, including grants. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Rentals, sales, equipment and studio rentals, and tape sales are recognized when services have been performed and collection is reasonably assured. Membership fees and all other revenue are recognized when received.

(f) Accounting estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically and are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

(g) Financial instruments

The Organization recognizes its financial instruments when the Organization becomes party to the contractual provisions of the financial instrument. Financial instruments are initially recorded at fair value and subsequently reported at amortized cost.

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

(h) Government assistance

Government assistance, by way of the Canada Emergency Wage Subsidy ("CEWS"), is recorded as a reduction of related salaries and benefits when received or receivable if the amount to be received can be reasonably measured and collection is reasonably assured. During the year the Organization recognized CEWS amounts totaling \$Nil (2021 - \$46,944).

3. Bank overdraft

The Organization has access to a line of credit at the Assiniboine Credit Union in the amount of \$15,000, which bears interest at a rate of prime plus 3% per annum. The line of credit is secured by a general security agreement over the assets of the Organization. The balance of the line of credit at June 30, 2022 was \$Nil (2021 - \$Nil).

Video Pool Inc.
Notes to the Financial Statements
June 30, 2022

4. Receivables

	<u>2022</u>	<u>2021</u>
Trade accounts receivable	\$ 2,792	\$ 4,698
GST recoverable	<u>3,605</u>	<u>1,178</u>
	<u>\$ 6,397</u>	<u>\$ 5,876</u>

5. Property and equipment

	<u>Cost</u>	<u>Accumulated amortization</u>	<u>2022 Net Book Value</u>	<u>2021 Net Book Value</u>
Audio video equipment	\$ 336,831	\$ 212,598	\$ 124,233	\$ 41,170
Furniture and fixtures	9,544	5,587	3,957	4,652
Leasehold improvements	134,179	132,241	1,938	1,553
Computer hardware and software	<u>105,909</u>	<u>74,017</u>	<u>31,892</u>	<u>22,987</u>
	<u>\$ 586,463</u>	<u>\$ 424,443</u>	<u>\$ 162,020</u>	<u>\$ 70,362</u>

6. Payables and accruals

	<u>2022</u>	<u>2021</u>
Trade accounts payable and accruals	\$ 31,484	\$ 29,599
Accrued payroll and vacation liability	<u>11,865</u>	<u>10,702</u>
	<u>\$ 43,349</u>	<u>\$ 40,301</u>

7. Deferred revenue

	<u>2022</u>	<u>2021</u>
Canada Council for the Arts - Project Funding	\$ 111,000	\$ 86,500
Manitob Arts Council	65,000	-
Co-production - Window Winnipeg	31,000	-
The Winnipeg Foundation	<u>25,000</u>	<u>-</u>
	<u>\$ 232,000</u>	<u>\$ 86,500</u>

Video Pool Inc.
Notes to the Financial Statements
June 30, 2022

8. Government loan payable

The Organization received the Canada Emergency Business Account ("CEBA") loan, funded by the Government of Canada in the amount of \$60,000. The loan is interest free until December 31, 2023, after which time interest will accrue at a rate of 5% per annum. If \$40,000 of the loan has been repaid by December 31, 2023, the remaining \$20,000 of the loan shall be forgiven. The forgivable portion of the loan in the amount of \$10,000 (2021 - \$10,000) has been recognized as other income in the current year. The balance of the loan and accrued interest is due on December 31, 2025.

9. Deferred contributions related to property and equipment

Deferred contributions related to property and equipment represent amounts received from various funding agencies with which audio video, computers and leasehold improvements were acquired. These contributions are recognized as revenue on the same basis as the amortization of the related property and equipment that was acquired.

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 68,571	\$ 71,696
Restricted funding received in the year	122,747	16,594
Less: amount recognized as revenue in the year	<u>(37,608)</u>	<u>(19,719)</u>
Balance, end of year	<u>\$ 153,710</u>	<u>\$ 68,571</u>

10. Commitment

Video Pool Inc., as licensee under a sub-rental licensing agreement with Artspace Inc., a tenant at 100 Arthur Street, Winnipeg, Manitoba, is committed to rent space at that location until April 30, 2023, at a monthly fee of \$3,323 established by the Artspace Board of Directors. Either party may terminate the agreement upon sixty days notification of its intent to do so.

11. Interfund transfer

In prior years, \$65,000 was transferred from the Unrestricted Fund to an Internally Restricted Fund with \$35,000 to fund strategic initiatives, \$10,000 to fund future anti-oppression initiatives, \$15,000 to fund future public program initiatives, and \$5,000 to purchase office equipment.

12. Economic dependence

The volume of financial activity undertaken by Video Pool Inc. with its main funding bodies is of such magnitude that the discontinuance of their funding would endanger the ability of the Organization to continue as a going concern.

13. Comparative figures

Certain balances of the preceding year have been reclassified to conform with the current year's financial statement presentation.

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