

**Island Media Arts Co-operative Ltd.  
(operating as Film PEI)**

Financial Statements  
(Unaudited)  
**March 31, 2021**

Draft

## **Independent Practitioner's Review Engagement Report**

### **To the Members of Island Media Arts Co-operative Ltd.**

We have reviewed the accompanying financial statements of Island Media Arts Co-operative Ltd. that comprise the statement of financial position as at March 31, 2021, and the statements of operations, change in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility 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.

### **Practitioner's Responsibility**

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Island Media Arts Co-operative Ltd. as at March 31, 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.

### **Chartered Professional Accountants**

# Island Media Arts Co-operative Ltd.

## Statement of Financial Position

(Unaudited)

As at March 31, 2021

	2021 \$	2020 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash	248,125	141,611
Accounts receivable (note 3)	49,886	56,990
Prepaid expenses	20,575	20,575
	<u>318,586</u>	<u>219,176</u>
<b>Capital assets</b> (note 4)	<u>134,687</u>	<u>170,697</u>
	<u>453,273</u>	<u>389,873</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	51,258	2,973
Deferred revenue (note 5)	138,156	181,145
	<u>189,414</u>	<u>184,118</u>
<b>Long-term debt</b> , less government assistance (note 6)	30,000	-
<b>Deferred capital contributions</b> (note 7)	<u>111,105</u>	<u>145,788</u>
	<u>330,519</u>	<u>329,906</u>
<b>Net Assets</b>	<u>122,754</u>	<u>59,967</u>
	<u>453,273</u>	<u>389,873</u>

Approved by the Board of Directors

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Director

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Director

# Island Media Arts Co-operative Ltd.

Statement of Changes in Net Assets

(Unaudited)

For the year ended March 31, 2021

	2021 \$	2020 \$
Net assets - Beginning of year	59,967	39,367
Excess revenue for the year	<u>62,787</u>	<u>20,600</u>
Net assets - End of year	<u>122,754</u>	<u>59,967</u>

Draft

# Island Media Arts Co-operative Ltd.

## Statement of Operations

(Unaudited)

For the year ended March 31, 2021

	2021 \$	2020 \$
<b>Revenue</b>		
Project revenues (Schedule)	282,107	248,152
Federal government operating grants	73,000	73,000
Provincial government grants	65,130	64,230
Equipment rentals	41,831	23,874
Memberships	4,460	4,763
Workshops and miscellaneous	14,918	1,315
Donations	-	131
Sponsorships	5,500	5,500
Wage subsidies	540	15,824
Amortization of deferred capital contributions	40,912	42,033
	<u>528,398</u>	<u>478,822</u>
<b>Expenses</b>		
Project expenses (Schedule)	294,203	254,686
Equipment and production	8,994	27,214
Honoraria	900	800
Insurance	4,033	3,847
Interest and bank charges	338	651
Marketing	2,579	3,575
Office and miscellaneous	23,938	17,655
Professional fees	24,552	10,738
Rent	35,774	16,423
Telephone	2,347	2,584
Travel and entertainment	1,137	5,880
Wages and benefits	89,008	64,000
Amortization	47,796	50,169
	<u>535,599</u>	<u>458,222</u>
<b>Operating earnings (loss)</b>	(7,201)	20,600
<b>Other income</b>		
Government assistance - COVID funding	69,988	-
<b>Excess revenue for the year</b>	<u>62,787</u>	<u>20,600</u>

# Island Media Arts Co-operative Ltd.

## Statement of Cash Flows

(Unaudited)

For the year ended March 31, 2021

	2021 \$	2020 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess revenue for the year	62,787	20,600
Items not affecting cash		
Amortization	47,796	50,169
Amortization of deferred capital contributions	(40,912)	(42,033)
	69,671	28,736
Net change in non-cash working capital items		
Decrease (increase) in accounts receivable	7,104	(20,410)
Increase in prepaid expenses	-	(13,949)
Increase in accounts payable and accrued liabilities	48,285	488
Increase (decrease) in deferred revenue	(42,986)	74,417
	82,074	69,282
<b>Financing activities</b>		
Increase in long-term debt (net)	30,000	-
Increase in deferred capital contributions	6,227	66,163
	36,227	66,163
<b>Investing activity</b>		
Purchase of capital assets	(11,787)	(66,163)
<b>Increase in cash</b>	106,514	69,282
<b>Cash - Beginning of year</b>	141,611	72,329
<b>Cash - End of year</b>	248,125	141,611

# Island Media Arts Co-operative Ltd.

Notes to Financial Statements

(Unaudited)

March 31, 2021

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## 1 Purpose of the organization

Island Media Arts Co-operative Ltd. is a not-for-profit organization incorporated without share capital under the laws of the Province of Prince Edward Island, and is exempt from income taxes. Island Media Arts Co-operative Ltd.'s principal business activity includes assisting local artists by providing services and programs to help them achieve their objectives.

## 2 Summary of significant accounting policies

### Basis of accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. These financial statements include the following significant accounting policies:

### Cash

Cash consists of the organization's bank account balances and cash on hand.

### Amortization

Capital assets are recorded at cost less accumulated amortization. Amortization is calculated using the declining balance method at the following annual rates:

	Rate
Equipment	20%
Computer equipment	30%
Camera equipment	30%
Furniture and fixtures	20%
Sound equipment	30%

Amortization is calculated at one-half of the normal annual rate in the year of acquisition; no amortization is recorded in the year of disposal.

### Government assistance

Government assistance related to purchase of capital assets is recorded as deferred capital contributions and amortized on the same basis as the related capital assets. Government assistance related to operating expenses is recorded as revenue as the related expenses are incurred.

### Revenue recognition

Revenue is recognized using the deferral method of accounting for contributions. 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.

# Island Media Arts Co-operative Ltd.

## Notes to Financial Statements

(Unaudited)

March 31, 2021

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### Use of estimates

The preparation of these financial statements in conformity 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, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the current period. Significant items subject to such estimates and assumptions include the valuation of accounts receivable and the estimated useful life of capital assets. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

Since January 31, 2020, the outbreak of COVID-19 (coronavirus) has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures have caused material disruption to businesses globally resulting in an economic slowdown, and global equity markets have experienced significant volatility. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the outcome of government and central bank interventions.

In management's estimation, these events have not had a material unrecorded impact on the carrying value of assets and liabilities reported in these financial statements as at March 31, 2021. The duration and impact of the COVID-19 pandemic remains unclear at this time. Therefore, it is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the organization for future periods.

### Financial instruments

#### (a) Measurement of financial instruments

Island Media Arts Co-operative Ltd.'s financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities and long-term debt.

The organization initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. This fair value amount is then deemed to be the amortized cost of the financial instrument.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost.



# Island Media Arts Co-operative Ltd.

## Notes to Financial Statements

(Unaudited)

March 31, 2021

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(b) Impairment

For financial assets measured at cost or amortized cost, the organization determines whether there are indications of possible impairment. When there is an indication of impairment, and the organization determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in excess revenue. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess revenue.

(c) Risks

Transacting in financial instruments exposes the organization to certain financial risks and uncertainties. These risks include:

- i) Credit risk: The organization is exposed to credit risk in connection with the collection of its accounts receivable. The organization mitigates this risk by performing continuous evaluation of its accounts receivables.
- ii) Liquidity risk: The organization's exposure to liquidity risk is dependent on the collection of accounts receivable or raising of funds to meet commitments and sustain operations. The organization controls liquidity risk by management of working capital and cash flows.

### 3 Accounts receivable

	2021 \$	2020 \$
Trade accounts receivable	24,604	27,009
Government contributions receivable	17,980	20,542
HST receivable	7,302	9,439
	<hr/>	<hr/>
	49,886	56,990

# Island Media Arts Co-operative Ltd.

## Notes to Financial Statements

(Unaudited)

March 31, 2021

### 4 Capital assets

	2021		2020	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Equipment	157,297	116,013	41,284	51,605
Computer equipment	47,710	30,469	17,241	24,631
Camera equipment	226,705	157,455	69,250	86,309
Furniture and fixtures	21,620	21,457	163	204
Sound equipment	51,662	44,913	6,749	7,948
	504,994	370,307	134,687	170,697

### 5 Deferred revenue

	2021 \$	2020 \$
Balance - beginning of year	181,145	106,727
Add: Provincial contributions received during the year	153,788	202,325
Add: Federal contributions received during the year	73,125	281,108
Add: Other contributions received during the year	18,432	-
Less: Amount recognized as additions to deferred capital contributions	(6,227)	(66,163)
Less: Amount recognized as revenue during the year	(282,107)	(342,852)
Balance - end of year	138,156	181,145
<b>Projects:</b>		
	2021 \$	2020 \$
Film4Ward	53,184	53,348
Digital Strategy	-	50,000
Bootcamp	61,200	63,000
Young Indigenous Voices	-	14,797
CCA Grant	23,772	-
Balance - end of year	138,156	181,145

# Island Media Arts Co-operative Ltd.

## Notes to Financial Statements

(Unaudited)

March 31, 2021

### 6 Long-term debt

	2021 \$	2020 \$
0% loan, due in full December 2022, after such time the loan will automatically be converted to a 5% term loan, due December 31, 2025, with interest payments due monthly, unsecured	40,000	-
Less: Government assistance portion	10,000	-
	<u>30,000</u>	<u>-</u>

The aggregate amount of principal payments estimated to be required in each of the next two years to meet retirement provisions is as follows:

	\$
Year ending March 31, 2022	-
2023	30,000

### 7 Deferred capital contributions

	2021		2020	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Equipment	109,295	79,218	30,077	37,596
Computer equipment	40,992	23,868	17,124	24,288
Camera equipment	176,066	116,033	60,033	79,893
Sound equipment	8,484	4,613	3,871	4,011
	<u>334,837</u>	<u>223,732</u>	<u>111,105</u>	<u>145,788</u>

During the year, the organization received \$6,227 (2020 - \$66,163) in government contributions to cover the cost of purchased capital assets.

# Island Media Arts Co-operative Ltd.

Notes to Financial Statements

(Unaudited)

March 31, 2021

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## 8 Commitment

Island Media Arts Co-operative Ltd. has entered into a building lease agreement. The lease agreement expires February 29, 2028. Minimum lease payments are as follows:

	\$
Year ending March 31, 2022	31,255
2023	31,255
2024	31,255
2025	31,255
2026	31,255
2027	31,255
2028	28,650

# Island Media Arts Co-operative Ltd.

## Schedule of Project Revenue and Expenses

(Unaudited)

For the year ended March 31, 2021

Schedule

	Bootcamp \$	DS4Y \$	Digital Strategy Project \$	Film4Ward \$	FFD & FIF \$	Writers Edge \$	Young Indigenous Voices \$	Other \$	2021 Total \$
<b>Revenues</b>									
Provincial government contributions	16,500	27,100	-	80,164	13,125	14,500	-	18,523	169,912
Federal government contributions	300	-	50,000	15,000	13,125	-	14,798	-	93,223
Donations and others	3,500	-	-	2,000	13,472	-	-	-	18,972
	20,300	27,100	50,000	97,164	39,722	14,500	14,798	18,523	282,107
<b>Expenses</b>									
Catering	-	-	-	432	617	-	-	-	1,049
Co-ordinator fees	-	-	-	8,826	5,155	-	-	-	13,981
Consulting contract	20,300	-	49,900	-	19,000	-	-	7,000	96,200
Craft services	-	-	-	-	-	310	-	-	310
Directors' fees	-	-	-	11,692	-	-	-	-	11,692
Grants	-	-	-	27,000	-	-	-	-	27,000
Honoraria	-	-	-	3,000	-	800	-	(75)	3,725
Instructor fees	-	-	-	8,850	9,450	12,000	-	-	30,300
Insurance	-	-	-	50	-	-	-	-	50
Marketing	500	-	-	-	250	-	-	-	750
Meals	-	-	-	-	-	86	-	-	86
Office and telephone	-	-	-	114	-	-	-	1,500	1,614
Production	-	-	-	33,950	-	-	-	-	33,950
Professional fees	-	-	-	3,250	4,000	-	-	3,600	10,850
Set expense	-	-	-	-	-	5,300	-	-	5,300
Travel	-	-	-	-	-	38	476	-	514
Wages	-	27,100	-	-	-	-	17,209	12,523	56,832
	20,800	27,100	49,900	97,164	38,472	18,534	17,685	24,548	294,203
<b>Net revenue (expenses)</b>	(500)	-	100	-	1,250	(4,034)	(2,887)	(6,025)	(12,096)

# Island Media Arts Co-operative Ltd.

## Schedule of Project Revenue and Expenses

(Unaudited)

For the year ended March 31, 2020

Schedule

	Bootcamp \$	CMHA \$	Film4Ward \$	PEI Film Initiative \$	Phase 3 \$	Young Indigenous Voices	2020 Total \$
<b>Revenues</b>							
Activity revenue	-	22,030	-	-	-	-	22,030
Donations	11,000	-	6,000	-	3,000	-	20,000
Federal government contributions	15,000	-	15,000	-	11,936	40,902	82,838
Provincial government contributions	61,595	-	61,189	-	-	-	122,784
Municipal government contributions	500	-	-	-	-	-	500
	88,095	22,030	82,189	-	14,936	40,902	248,152
<b>Expenses</b>							
Artist fees	-	1,590	15,350	-	-	2,500	19,440
Catering	-	-	-	-	-	62	62
Co-ordinator fees	23,326	-	20,470	-	-	-	43,796
Craft services	-	-	-	-	-	226	226
Equipment	-	225	-	-	-	110	335
Grants	15,000	-	28,263	-	-	-	43,263
Honoraria	14,925	1,325	500	-	-	100	16,850
Instructor fees	8,659	-	5,625	-	-	-	14,284
Insurance	-	-	282	-	-	-	282
Marketing	1,921	-	-	-	-	-	1,921
Meals	5,918	125	200	-	-	25	6,268
Office and telephone	109	78	75	-	-	-	262
Production	1,997	18,467	3,788	-	-	117	24,369
Professional fees	-	-	1,250	-	-	-	1,250
Rent	2,589	-	3,386	-	5,000	-	10,975
Set expense	-	-	-	7,513	9,690	-	17,203
Software application	-	-	-	-	489	-	489
Travel	12,454	195	2,970	-	-	4,830	20,449
Wages	-	-	-	-	-	32,932	32,932
Workshop	-	-	30	-	-	-	30
	86,898	22,005	82,189	7,513	15,179	40,902	254,686
<b>Net revenue (expenses)</b>	1,197	25	-	(7,513)	(243)	-	(6,534)