

WINNIPEG FILM GROUP INC.

Financial Statements

Year Ended June 30, 2023

INDEPENDENT AUDITOR'S REPORT

To the Members 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, 2023, 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, 2023, 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, 2023, and current assets and net assets as at June 30, 2022. Our audit opinion on the financial statements for the year ended June 30, 2023 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.



Independent Auditor's Report to the Members of Winnipeg Film Group Inc. *(continued)*

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.

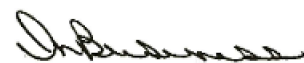
Auditor's Responsibilities for the Audit of the Financial Statements

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
February 6, 2024



Chartered Professional Accountants Inc.

WINNIPEG FILM GROUP INC.**Statement of Financial Position****June 30, 2023**

	Operating Fund	Capital Fund	Restricted Fund	Total 2023	Total 2022
ASSETS					
CURRENT					
Cash (Note 3)	\$ 429,739	\$ -	\$ -	\$ 429,739	\$ 552,293
Accounts receivable (Note 4)	144,862	-	-	144,862	223,147
Government remittances recoverable (Note 5)	9,658	-	-	9,658	1,064
Inventory	26,007	-	-	26,007	26,007
Prepaid expenses	29,600	-	-	29,600	27,717
	639,866	-	-	639,866	830,228
CAPITAL ASSETS (Note 6)	-	150,987	-	150,987	85,132
RESTRICTED CASH (Note 7)	-	-	88,611	88,611	87,815
	\$ 639,866	\$ 150,987	\$ 88,611	\$ 879,464	\$ 1,003,175

WINNIPEG FILM GROUP INC.

Statement of Financial Position

June 30, 2023

	Operating Fund	Capital Fund	Restricted Fund	Total 2023	Total 2022
LIABILITIES AND NET ASSETS					
CURRENT					
Accounts payable and accrued liabilities	\$ 90,404	\$ -	\$ -	\$ 90,404	\$ 148,581
Deferred revenue <i>(Note 8)</i>	390,894	-	-	390,894	233,906
	481,298	-	-	481,298	382,487
LONG TERM DEBT <i>(Note 9)</i>	60,000	-	-	60,000	60,000
DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS <i>(Note 10)</i>	-	96,428	-	96,428	85,132
	541,298	96,428	-	637,726	527,619
NET ASSETS					
Unrestricted	98,568	-	-	98,568	387,741
Externally Restricted <i>(Note 7)</i>	-	-	62,500	62,500	62,500
Internally Restricted <i>(Note 7)</i>	-	-	26,111	26,111	25,315
Invested in Capital Assets	-	54,559	-	54,559	-
	98,568	54,559	88,611	241,738	475,556
	\$ 639,866	\$ 150,987	\$ 88,611	\$ 879,464	\$ 1,003,175

ON BEHALF OF THE BOARD


 _____ Director


 _____ Director

WINNIPEG FILM GROUP INC.
Statement of Revenues and Expenditures
Year Ended June 30, 2023

	Operating Fund	Capital Fund	2023	2022
REVENUE				
Cinematheque	\$ 465,120	\$ 10,656	\$ 475,776	\$ 492,020
Distribution	166,987	1,481	168,468	184,342
Production	347,283	6,537	353,820	379,516
	979,390	18,674	998,064	1,055,878
EXPENSES				
Cinematheque	542,962	23,621	566,583	495,543
Distribution	186,509	6,234	192,743	195,767
Production	464,346	28,284	492,630	380,501
	1,193,817	58,139	1,251,956	1,071,811
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FROM OPERATIONS				
	(214,427)	(39,465)	(253,892)	(15,933)
OTHER INCOME				
Canada emergency rent subsidy	-	-	-	27,203
Canada emergency wage subsidy	20,076	-	20,076	148,269
	20,076	-	20,076	175,472
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES				
	\$ (194,351)	\$ (39,465)	\$ (233,816)	\$ 159,539

WINNIPEG FILM GROUP INC.
Statement of Changes in Net Assets
Year Ended June 30, 2023

	Unrestricted Fund	Restricted Fund	Invested in Fixed Assets	2023	2022
NET ASSETS -					
BEGINNING OF YEAR \$	387,741	\$ 87,815	\$ -	\$ 475,556	\$ 316,017
DEFICIENCY OF					
REVENUE OVER					
EXPENSES	(195,147)	796	(39,465)	(233,816)	159,539
Purchase of fixed assets	(123,994)	-	123,994	-	-
Deferred contributions received	29,970	-	(29,970)	-	-
NET ASSETS - END OF					
YEAR	\$ 98,570	\$ 88,611	\$ 54,559	\$ 241,740	\$ 475,556

WINNIPEG FILM GROUP INC.**Statement of Cash Flows****Year Ended June 30, 2023**

	2023	2022
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ (233,816)	\$ 159,539
ITEMS NOT AFFECTING CASH:		
Amortization of capital assets	58,139	39,126
Amortization of deferred contributions related to capital assets	(18,674)	(42,365)
	(194,351)	156,300
Changes in non-cash working capital:		
Accounts receivable	78,283	(4,499)
Government remittances recoverable	(8,594)	(1,085)
Inventory	-	1,980
Prepaid expenses	(1,883)	(7,985)
Accounts payable and accrued liabilities	(58,177)	30,403
Deferred revenue	156,988	103,454
	166,617	122,268
Cash flow from (used by) operating activities	(27,734)	278,568
INVESTING ACTIVITIES		
Purchase of capital assets	(123,994)	(44,332)
Grants received for capital assets	29,970	29,060
Cash flow used by investing activities	(94,024)	(15,272)
FINANCING ACTIVITY		
Proceeds from long term financing	-	60,000
Cash flow from financing activity	-	60,000
INCREASE (DECREASE) IN CASH FLOW	(121,758)	323,296
CASH - BEGINNING OF YEAR	640,108	316,812
CASH - END OF YEAR	\$ 518,350	\$ 640,108
CASH CONSISTS OF:		
Cash	\$ 429,739	\$ 552,293
Restricted Cash	88,611	87,815
	\$ 518,350	\$ 640,108

WINNIPEG FILM GROUP INC.

Notes to Financial Statements

Year Ended June 30, 2023

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

Basis of presentation

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.

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.

(continues)

WINNIPEG FILM GROUP INC.

Notes to Financial Statements

Year Ended June 30, 2023

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

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.

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 (2022 - \$20,000) and bears interest at prime plus 3% per annum, currently 9.95% (2022 - 6.70%), of which \$20,000 (2022 - \$20,000) is secured by a General Security Agreement. The line of credit was not in use at June 30, 2023 nor at June 30, 2022.

WINNIPEG FILM GROUP INC.

Notes to Financial Statements

Year Ended June 30, 2023

4. ACCOUNTS RECEIVABLE

	2023	2022
Accounts receivable	\$ 132,270	\$ 77,164
Awards receivable	13,495	64,423
Canada emergency wage subsidy receivable	-	65,607
Canada emergency rent subsidy receivable	-	16,856
Subtotal	145,765	224,050
Allowance for doubtful accounts	(903)	(903)
	\$ 144,862	\$ 223,147

5. GOVERNMENT REMITTANCES RECOVERABLE (PAYABLE)

	2023	2022
Goods and services tax	\$ 9,632	\$ 1,185
Provincial sales tax	26	(121)
	\$ 9,658	\$ 1,064

WINNIPEG FILM GROUP INC.**Notes to Financial Statements****Year Ended June 30, 2023****6. CAPITAL ASSETS**

	Cost	Accumulated amortization	2023 Net book value
Administration equipment	\$ 99,047	\$ 89,523	\$ 9,524
Cinematheque renovations and equipment	641,649	583,897	57,752
Corporate identity	2,067	2,067	-
Distribution equipment	108,510	103,761	4,749
Production equipment	626,421	590,084	36,337
Website	131,241	88,616	42,625
	\$ 1,608,935	\$ 1,457,948	\$ 150,987

	Cost	Accumulated amortization	2022 Net book value
Administration Equipment	\$ 91,669	\$ 86,310	\$ 5,359
Cinematheque renovations and equipment	589,932	566,720	23,212
Corporate identity	2,067	2,067	-
Distribution equipment	105,460	100,750	4,710
Production equipment	604,473	568,245	36,228
Website	91,339	75,716	15,623
	\$ 1,484,940	\$ 1,399,808	\$ 85,132

7. RESTRICTED CASH

The \$88,611 (2022 - \$87,815) of restricted cash consists of \$62,500 (2022 - \$62,500) externally restricted for the Working Capital reserve, \$23,611 (2022 - \$22,815) internally restricted donations in the name of Dave Barber, and \$2,500 (2022 - \$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.

8. DEFERRED REVENUE

	2022	Additions	Revenue recognized	2023
Advance revenues	\$ 69,520	\$ 7,450	\$ (76,970)	\$ -
Grants	151,400	745,173	(512,804)	383,769
Production awards	12,986	7,125	(12,986)	7,125
	\$ 233,906	\$ 759,748	\$ (602,760)	\$ 390,894

WINNIPEG FILM GROUP INC.

Notes to Financial Statements

Year Ended June 30, 2023

9. LONG TERM DEBT

COVID-19 Relief Line of Credit as part of the Government-sponsored Canada Emergency Business Account. The line of credit bore 0% interest until December 31, 2020. On January 1, 2021 the loan was converted to a 3-year 0% interest term loan, to be repaid by January 18, 2024. \$20,000 of the loan will be forgiven if \$40,000 is repaid in full on or before December 31, 2023. If on January 18, 2024 the corporation opts to exercise the 2-year term extension, 5% interest during the term extension period will apply on any remaining balance.

10. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

	2022	Additions	Amortization	2023
Administrative equipment	\$ 380	\$ -	\$ (380)	\$ -
Cinematheque renovations & equipment	40,460	8,991	(10,504)	38,947
Distribution equipment	5,951	4,495	(1,405)	9,041
Production equipment	38,341	16,484	(6,385)	48,440
	\$ 85,132	\$ 29,970	\$ (18,674)	\$ 96,428

11. LEASE COMMITMENT

The Organization leases certain premises in the Artspace building under an agreement to January 31, 2051. Rental charges are adjusted each year on September 1st. The minimum annual rental charge over this period is \$56,846.

12. 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.

13. 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.

14. COMPARATIVE FIGURES

Some of the prior year comparative figures were changed to conform to current year presentation.