

**CAROUSEL PLAYERS**  
**Financial Statements**

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Year Ended June 30, 2017

**CAROUSEL PLAYERS**  
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Year Ended June 30, 2017

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## INDEPENDENT AUDITOR'S REPORT

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### To the Board of Directors of CAROUSEL PLAYERS

I have audited the accompanying financial statements of CAROUSEL PLAYERS, which comprise the statement of financial position as at June 30, 2017, the statements of operations and changes in net assets and cash flow statement, and the schedules of revenue and expenditures, for the year then ended June 30, 2017, 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.

#### **Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

**SILVANA DEL MONACO**

Professional Corporation Chartered Accountant

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### **Basis for Qualified Opinion**

In common with many not-for-profit organizations, CAROUSEL PLAYERS derives part of its revenue from fundraising and special events, lottery and donation activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the organization and I was not able to determine whether, as at and for the years ended June 30, 2017 and June 30, 2016, any adjustments might be necessary to revenue, excess of revenue over expenditures, assets and net assets. This caused me to qualify my audit opinion on the financial statements as at and for the year ended June 30, 2016.

### **Qualified Opinion**

In my opinion, except for the effect of the matter described in the *Basis for Qualified Opinion* paragraph, the financial statements present fairly, in all material respects, the financial position of CAROUSEL PLAYERS as at June 30, 2017 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.



**SILVANA DEL MONACO**  
Professional Corporation  
Authorized to practice  
public accounting by the Chartered  
Professional Accountants of Ontario

St. Catharines, Ontario  
October 1, 2017



**CAROUSEL PLAYERS**

Statement of Financial Position as at June 30, 2017

	2017	2016
<b>ASSETS</b>		
Current Assets		
Cash	\$79,753	\$82,579
Accounts receivable	1,232	4,764
HST receivable	484	3,500
Prepaid expenses	8,060	6,359
	<u>89,529</u>	<u>97,202</u>
Capital Assets (note 3)	11,076	18,240
	<u>\$100,605</u>	<u>\$115,442</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$4,087	\$4,851
Deferred revenue (note 5)	72,350	79,410
	<u>76,437</u>	<u>84,261</u>
Deferred contributions - capital (note 7)		
Deferred contributions - Equipment	1,359	3,359
Deferred contributions - Vehicle	7,396	9,862
	<u>8,755</u>	<u>13,221</u>
Total Liabilities	85,192	97,482
Net Assets		
Unrestricted General Fund	987	6,460
Restricted Capital Reserve Fund	10,979	11,500
McLauchlan Memorial Fund	3,447	-
	<u>15,413</u>	<u>17,960</u>
(Commitment note 11)		
	<u>\$100,605</u>	<u>\$115,442</u>

See accompanying notes to the financial statements

On behalf of the Board of Directors:

Director: Director: 

## CAROUSEL PLAYERS

Statement of Operations and Changes in Net Assets - General Fund for the year ended June 30, 2017

	2017	2016
<b>Revenue</b>		
Grant revenue (schedule 1)	\$308,952	\$360,171
Corporations/service clubs	15,900	7,863
Foundation revenues	-	6,600
In school touring revenues	22,242	29,699
Fees from presenters	7,000	53,650
Other production revenues	-	625
Mainstage ticket sales	832	3,632
Theatre school	16,725	25,840
City Treaty project	-	6,450
Fundraising and special events (schedule 1)	25,838	22,822
Other revenue (schedule 1)	2,716	7,531
Investment revenue (schedule 1)	6,646	6,301
Rental revenue	2,400	18,397
	<hr/> 409,251	<hr/> 549,581
<b>Expenditures</b>		
Administration (schedule 2)	115,298	107,329
Production (schedule 2)	217,141	255,211
Fundraising and special events (schedule 2)	6,884	7,214
Facilities (schedule 2)	25,786	65,280
Theatre school	15,036	19,298
Special youth programs	4,511	65,111
Publicity and promotion (schedule 2)	14,029	9,910
New play development	13,341	14,863
	<hr/> 412,026	<hr/> 544,216
Excess of revenue over expenditures (expenditures over revenue)	(2,775)	5,365
<b>Capital items</b>		
Amortization of capital assets	(7,685)	(6,800)
Recognition of deferred contributions (note 7)	4,466	5,288
	<hr/> (3,219)	<hr/> (1,512)
<b>Excess of revenue over expenditures (expenditures over revenue)</b>	<hr/> (5,994)	<hr/> 3,853
Balance, beginning of year	6,460	2,607
Interfund transfer (note 10)	521	
<b>Balance, end of year</b>	<hr/> <b>\$987</b>	<hr/> <b>\$6,460</b>

See accompanying notes to the financial statements

**CAROUSEL PLAYERS**

Statement of Operations and Changes in Net Assets - Restricted Funds for the year ended June 30, 2017

	Restricted Capital Reserve Fund	McLauchlan Memorial Fund	2017	2016
Balance, beginning of year	\$11,500	-	\$11,500	\$11,500
<b>Revenue:</b>				
Donations (note 9)	-	3,447	3,447	-
	-	3,447	3,447	-
<b>Expenditures</b>	-	-	-	-
<b>Excess of revenue over expenditures</b>	-	3,447	3,447	-
Interfund transfer (note 10)	(521)	-	(521)	-
<b>Balance, end of year</b>	<b>\$10,979</b>	<b>\$3,447</b>	<b>\$14,426</b>	<b>\$11,500</b>

See accompanying notes to the financial statements

**CAROUSEL PLAYERS**

Statement of Cash Flows for the year ended June 30, 2017

	2017	2016
<b>Cash flows from operating activities</b>		
Excess of revenue over expenditures (expenditures over revenue)	(\$2,547)	\$3,853
Items not affecting cash:		
Amortization of capital assets	7,685	6,800
Recognition of deferred contributions	(4,466)	(5,288)
Changes in non-cash working capital:		
Accounts receivable	3,532	(4,705)
HST receivable	3,016	(2,266)
Prepaid expenses	(1,701)	408
Accounts payable and accrued liabilities	(764)	513
Government remittances payable	-	(491)
Deferred revenue	(7,060)	55,190
Deferred revenue - Ontario Trillium Foundation	-	(32,600)
Net cash provided by (used in) operating activities	(2,305)	21,414
<b>Cash flows from investing activities</b>		
Acquisition of capital assets (net)	(521)	(2,540)
	(521)	(2,540)
Increase (decrease) in cash position	(2,826)	18,874
Cash position, beginning of year	82,579	63,705
<b>Cash position, end of year</b>	<b>\$79,753</b>	<b>\$82,579</b>
<b>Cash consists of:</b>		
Cash	\$79,753	\$82,579
	<u>\$79,753</u>	<u>\$82,579</u>

See accompanying notes to the financial statements



**CAROUSEL PLAYERS****SCHEDULE 1**

Schedule of Revenue for the year ended June 30, 2017

	2017	2016
<b>Grant Revenue:</b>		
Canada Council for the Arts - operating	\$115,500	\$115,500
Canada Council for the Arts - Production Touring Grant	-	4,500
Ontario Arts Council - operating	133,000	133,000
Ontario Arts Council - compass grant	5,000	-
Service Canada - summer student	2,880	2,860
Ontario Trillium Foundation - Playlinks project	-	65,111
Ontario Trillium Foundation - Playlinks project (Administration)	-	14,200
Niagara Investment in Culture - new play development	14,346	-
Niagara Investment in Culture - 45th Anniversary Celebration	2,500	-
City of St. Catharines - operating	35,000	25,000
City of St. Catharines - Culture Days	726	-
	<b>\$308,952</b>	<b>\$360,171</b>
<b>Fundraising and Special Events Revenue:</b>		
Individual donations	\$15,287	\$12,956
Nevada ticket lottery	4,925	4,478
Carousel Caravan fundraiser	5,626	5,388
	<b>\$25,838</b>	<b>\$22,822</b>
<b>Other Revenue:</b>		
Miscellaneous income	\$2,716	\$7,531
	<b>\$2,716</b>	<b>\$7,531</b>
<b>Investment Revenue:</b>		
Ontario Arts Endowment Fund (note 8)	\$6,317	\$6,066
Interest - Investment	329	235
	<b>\$6,646</b>	<b>\$6,301</b>

See accompanying notes to the financial statements

**CAROUSEL PLAYERS****SCHEDULE 2**

Schedule of Expenditures for the year ended June 30, 2017

	2017	2016
<b>Administration:</b>		
Administrative staff salaries and benefits	\$86,322	\$83,122
Administrative travel	206	316
Bond Insurance	282	308
Bookkeeping services	2,355	2,595
Bank and credit card charges	900	1,156
Consultant fees-compass	5,059	-
Directors' liability insurance	1,372	1,298
Memberships	1,998	2,294
Office, postage and sundry	5,368	4,732
Professional fees-audit	4,002	4,002
Professional development	1,994	1,181
Telecommunications	5,440	6,325
	<u>\$115,298</u>	<u>\$107,329</u>
<b>Production:</b>		
Artistic fees - actors/stage managers/designers	\$88,008	\$109,627
Artistic director salary and benefits	45,878	44,819
Artistic director travel	1,398	2,292
Production manager salary and benefits	30,882	28,613
Production travel	2,651	3,911
Royalties	5,660	10,384
Sets, prop, costumes and sundry	36,868	33,643
Touring allowances and vehicle expenses	5,796	21,922
	<u>\$217,141</u>	<u>\$255,211</u>
<b>Fundraising and Special events:</b>		
Nevada ticket lottery	\$2,608	\$2,890
Carousel Caravan fundraiser	2,926	3,155
Other fundraising	1,350	1,169
	<u>\$6,884</u>	<u>\$7,214</u>
<b>Facilities:</b>		
Rent	\$13,200	\$36,277
Insurance	5,831	5,748
Maintenance	5,586	6,416
Parking	1,169	3,653
Relocation expenses	-	12,576
Technical crew	-	610
	<u>\$25,786</u>	<u>\$65,280</u>

See accompanying notes to the financial statements

**CAROUSEL PLAYERS****SCHEDULE 2**

Schedule of Expenditures for the year ended June 30, 2017

	2017	2016
<b>Publicity and Promotion:</b>		
Openings and receptions	\$290	\$259
Photography and design	2,107	1,932
Postage	891	923
Printing and advertising	3,384	3,635
Promotional video	6,022	-
Showcase expenses	52	-
Study guides	1,123	-
Website design	-	2,500
Other marketing	160	661
	<hr/>	<hr/>
	\$14,029	\$9,910

See accompanying notes to the financial statements

## **CAROUSEL PLAYERS**

Notes to Financial Statements

Year Ended June 30, 2017

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### **1. Purpose of the Organization**

Carousel Players was incorporated, as a non-profit organization, under the laws of the Province of Ontario as a corporation without share capital. The organization is committed to presenting drama in schools and other places as directed by the Board of Directors and acts as a resource service in respect to educational drama. The organization is registered as a charitable organization and is exempt from income tax legislation under subsection 149(1)(f) of the Income Tax Act.

### **2. Summary of Significant Accounting Policies**

The financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) and include the following significant accounting policies:

#### **(a) Basis of Accounting**

The financial statements of the organization have been prepared on an accrual basis and follow the restricted fund method of accounting for contributions.

The Capital Reserve Fund is an internally restricted fund which accumulates monies for future capital expenditures and repairs.

The McLauchlan Memorial Fund is a restricted fund which accumulates monies for expenditures related to study guides and Playlinks.

The Unrestricted General Fund records all other revenues and expenditures.

#### **(b) Revenue Recognition**

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the General fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Event revenue is recognized at the time the event is held. Rental revenue is recognized when it is earned.

#### **(c) Cash and Cash Equivalents**

The organization's policy is to present bank balances under cash and cash equivalents including bank overdrafts.

## CAROUSEL PLAYERS

Notes to Financial Statements

Year Ended June 30, 2017

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### 2. Summary of Significant Accounting Policies (con'd)

(d) Contributed Services

Because of the difficulty in determining the fair market value of all contributed services, contributed services are not recognized in the financial statements.

(e) Use of Estimates

The preparation of the organization's financial statement in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from such estimates.

(f) Capital Assets

Acquisition of capital assets are recorded at cost. Amortization is provided at rates as set out below:

Asset Basis	Rate	
Theatre equipment	Straight line	20%
Furniture and equipment	Straight line	15-30%
Vehicle	Declining balance	25%
Leasehold Improvements	Straight line	1 year

(g) Financial Instruments

*Measurement*

The organization initially measures its financial assets and financial liabilities at fair value.

The organization subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash, accounts receivable and HST receivable.

**CAROUSEL PLAYERS**  
Notes to Financial Statements  
Year Ended June 30, 2017

**2. Summary of Significant Accounting Policies (con'd)**

(g) Financial Instruments (con'd)

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

For financial assets subsequently measured at cost or amortized cost, the organization regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the organization determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

**3. Capital Assets**

			2017	2016
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Theatre equipment	\$113,731	\$113,731	-	-
Furniture and equipment	68,533	65,303	3,230	5,897
Vehicle	50,382	42,536	7,846	10,461
Leasehold improvements	2,042	2,042	-	1,882
	<u>\$234,688</u>	<u>\$223,612</u>	<u>\$11,076</u>	<u>\$18,240</u>

**4. Bank Indebtedness**

As at the year end, the organization has an approved overdraft lending facility with a \$25,000 credit limit. The facility bears interest at prime + 4.85%, requires monthly interest only payments and is unsecured. The outstanding balance as at the year end is nil.

**CAROUSEL PLAYERS**  
Notes to Financial Statements  
Year Ended June 30, 2017

**5. Deferred Revenue**

Changes in the deferred revenue balances are as follows:

	Theatre School Fees	Niagara Region Council for The Arts	Canada Council for The Arts	Other	Total 2017	Total 2016
Balance, beginning	\$14,410	\$7,250	\$57,750	-	\$79,410	\$24,220
Amounts received	16,315	7,096	57,750	600	81,761	81,030
Amounts realized	(16,725)	(14,346)	(57,750)	-	(88,821)	(25,840)
Balance, ending	\$14,000	-	\$57,750	\$600	\$72,350	\$79,410

**6. Deferred Revenue - Ontario Trillium Foundation**

In a prior year, the organization received grant monies from the Ontario Trillium Foundation in accordance with the terms of an approved funding agreement. The funding was obtained to expand the reach of Playlinks province wide and has been completed.

	2017	2016
Balance, beginning of year	-	\$32,600
Amounts received/receivable during the year	6,289	46,711
Amounts realized during the year	-	(79,311)
Amounts repaid during the year	(6,289)	-
Balance, end of year	-	-

## CAROUSEL PLAYERS

Notes to Financial Statements

Year Ended June 30, 2017

### 7. Deferred Contributions - Capital

#### Equipment

In a prior year, the organization received a grant from the Ontario Trillium Foundation for the acquisition of an energy-efficient touring light system. The grant contributions of \$10,000 were deferred and each year an amount equal to the amortization for the equipment is recognized as revenue.

	<u>2017</u>	<u>2016</u>
Balance, beginning of year	\$3,359	\$5,359
Amortized to revenue	(2,000)	(2,000)
Balance, end of year	<u>\$1,359</u>	<u>\$3,359</u>

#### Vehicle

In a prior year, the organization received a capital grant from the Ontario Trillium Foundation and monies from two service clubs and one individual for the acquisition of a new touring vehicle. These amounts were deferred and each year an amount equal to the rate of amortization for the vehicle is recognized as revenue.

	<u>2017</u>	<u>2016</u>
Balance, beginning of year	\$9,862	\$13,150
Amortized to revenue	(2,466)	(3,288)
Balance, end of year	<u>\$7,396</u>	<u>\$9,862</u>

### 8. Ontario Arts Endowment Fund

The market value of Carousel Players' Arts Endowment Fund is \$140,706 as at June 30, 2017 (June 30, 2016 - \$136,233). The Arts Endowment Funds are held by the Ontario Arts Foundation in perpetuity and only the net annual income is disbursed to Carousel Players. These financial statements reflect only the annual income received from the Ontario Arts Foundation.



## CAROUSEL PLAYERS

Notes to Financial Statements  
Year Ended June 30, 2017

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### 9. McLauchlan Memorial Fund

During the year \$6,070 was received as in memoriam donations for the late Debra McLauchlan. An amount of \$2,623 of these donations were presented in the general fund to cover general fund expenditures as approved by the Board of Directors and presented below. The remaining \$3,447 of the donation revenue is presented in the newly created McLauchlan Memorial Fund which will be used for future study guides and Playlinks expenditures.

Total donations received	\$6,070
Less: Expenditures incurred	
Study guides	(1,123)
Playlinks expenditures	(1,000)
Sponsored performance	(500)
Total expenditures	<u>(2,623)</u>
Net recorded as Donation revenue in the McLauchlan Memorial Fund	<u>\$3,447</u>

### 10. Interfund Transfer

During the year, an amount of \$521 was transferred from the Restricted Capital Reserve Fund to the General Fund in order to fund the purchase of computer equipment.

### 11. Commitment

The organization is currently party to a lease agreement which was renewed on July 1, 2017, for its office premises. The lease requires monthly payments of \$1,225.00 and expires June 30, 2018.

### 12. RSP Matching Plan

The organization offers to its employees a dollar for dollar matching RSP contribution to their personal RSP plans. The amount contributed by the organization in the current year to the retirement savings plans was \$4,386 for current service (2016 - \$3,557) and is included as an expenditure in the statement of operations.

## **CAROUSEL PLAYERS**

Notes to Financial Statements  
Year Ended June 30, 2017

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### **13. Financial Instruments**

The organization is exposed to various risks through its financial instruments.

#### *Interest rate risk*

The organization is subject to interest rate risk due to changes to the prime rate since the bank indebtedness bears a variable interest rate. The organization monitors its interest rate risk on the bank indebtedness on an on-going basis.

#### *Credit risk*

For grants and accounts receivable, the organization assesses, on a continuous basis, amounts receivable on the basis of amounts it is virtually certain to receive based on their estimated realizable value.

#### *Liquidity risk*

Liquidity risk is the risk of being unable to meet cash requirement obligations as they come due. The organization manages its liquidity risk by constantly monitoring forecasted and actual cash flows and financial liability maturities, and by holding assets that can be readily converted into cash.

#### *Risk Changes*

The extent of the organization's exposure to the above risks did not change during 2017.