

CAROUSEL PLAYERS
Financial Statements

Year Ended June 30, 2018

CAROUSEL PLAYERS
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Year Ended June 30, 2018

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INDEPENDENT AUDITOR'S REPORT

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, 2018, 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, 2018, 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.

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, 2018 and June 30, 2017, any adjustments might be necessary to revenue, excess of revenue over expenditures, assets and net assets.

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, 2018 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.

Other Matters

The financial statements of CAROUSEL PLAYERS for the year ended June 30, 2017 were audited by another public accountancy firm who expressed a qualified opinion, the same as outlined in the above *Basis for Qualified Opinion* paragraph, on October 1, 2017.



NICOLE HENDERSON
Professional Corporation
Authorized to practice
public accounting by the Chartered
Professional Accountants of Ontario

St. Catharines, Ontario
September 26, 2018



NICOLE HENDERSON
Professional Corporation
CHARTERED PROFESSIONAL ACCOUNTANT

CAROUSEL PLAYERS

Statement of Financial Position as at June 30, 2018

	2018	2017
ASSETS		
Current Assets		
Cash	\$12,460	\$79,753
Short-term investments (note 3)	15,281	-
Accounts receivable	200	1,232
HST receivable	2,829	484
Prepaid expenses	18,630	8,060
	<hr/> 49,400	<hr/> 89,529
Capital Assets (note 4)	7,039	11,076
	<hr/> <hr/> \$56,439	<hr/> <hr/> \$100,605
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$6,186	\$4,087
Government remittances payable	3,136	-
Deferred revenue (note 6)	23,991	72,350
	<hr/> 33,313	<hr/> 76,437
Deferred contributions - capital (note 7)		
Deferred contributions - Equipment	-	1,359
Deferred contributions - Vehicle	5,547	7,396
	<hr/> 5,547	<hr/> 8,755
Total Liabilities	38,860	85,192
Net Assets		
Unrestricted General Fund	1,775	987
Restricted Capital Reserve Fund	10,494	10,979
McLauchlan Memorial Fund	5,310	3,447
	<hr/> 17,579	<hr/> 15,413
Commitment (note 10)		
	<hr/> <hr/> \$56,439	<hr/> <hr/> \$100,605

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, 2018

	2018	2017
Revenue		
Grant revenue (schedule 1)	\$295,209	\$308,952
Corporations/service clubs	16,300	15,900
In school touring revenues	17,100	22,242
Fees from presenters	6,481	7,000
Mainstage ticket sales	2,170	832
Theatre school	15,635	16,725
Special projects income	11,550	-
Fundraising and special events (schedule 1)	20,191	25,838
Other revenue (schedule 1)	2,931	2,716
Investment revenue (schedule 1)	7,250	6,646
Rental revenue	4,780	2,400
	<hr/>	<hr/>
	399,597	409,251
Expenditures		
Administration (schedule 2)	109,048	115,298
Production (schedule 2)	209,814	217,141
Fundraising and special events (schedule 2)	10,590	6,884
Facilities (schedule 2)	22,358	25,786
Theatre school	13,784	15,036
Special youth programs	4,821	4,511
Publicity and promotion (schedule 2)	8,172	14,029
New play development	19,393	13,341
	<hr/>	<hr/>
	397,980	412,026
Excess of revenue over expenditures (expenditures over revenue)	<hr/>	<hr/>
	1,617	(2,775)
Capital items		
Amortization of capital assets	(4,617)	(7,685)
Recognition of deferred contributions (note 7)	3,208	4,466
	<hr/>	<hr/>
	(1,409)	(3,219)
Excess of revenue over expenditures (expenditures over revenue)	<hr/>	<hr/>
	208	(5,994)
Balance, beginning of year	987	6,460
Interfund transfer (note 9)	580	521
Balance, end of year	<hr/>	<hr/>
	\$1,775	\$987

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, 2018

	Restricted Capital Reserve Fund	McLauchlan Memorial Fund	2018	2017
Balance, beginning of year	\$10,979	\$3,447	\$14,426	\$11,500
Revenue:				
Donations	-	1,828	1,828	3,447
Interest income	95	35	130	-
	95	1,863	1,958	3,447
Expenditures	-	-	-	-
	-	-	-	-
Excess of revenue over expenditures	95	1,863	1,958	3,447
Interfund transfer (note 9)	(580)	-	(580)	(521)
Balance, end of year	\$10,494	\$5,310	\$15,804	\$14,426

See accompanying notes to the financial statements

CAROUSEL PLAYERS

Statement of Cash Flows for the year ended June 30, 2018

	2018	2017
Cash flows from operating activities		
Excess of revenue over expenditures (expenditures over revenue)	\$2,166	(\$2,547)
Items not affecting cash:		
Amortization of capital assets	4,617	7,685
Recognition of deferred contributions	(3,208)	(4,466)
Changes in non-cash working capital:		
Accounts receivable	1,032	3,532
HST receivable	(2,345)	3,016
Prepaid expenses	(10,570)	(1,701)
Accounts payable and accrued liabilities	2,099	(764)
Government remittances payable	3,136	-
Deferred revenue	(48,359)	(7,060)
Net cash used in operating activities	(51,432)	(2,305)
Cash flows from investing activities		
Acquisition of capital assets (net)	(580)	(521)
Net cash used in investing activities	(580)	(521)
Decrease in cash position	(52,012)	(2,826)
Cash position, beginning of year	79,753	82,579
Cash position, end of year	\$27,741	\$79,753
Cash consists of:		
Cash	\$12,460	\$79,753
Short-term investments	15,281	-
	<u>\$27,741</u>	<u>\$79,753</u>

See accompanying notes to the financial statements

CAROUSEL PLAYERS**SCHEDULE 1**

Schedule of Revenue for the year ended June 30, 2018

	2018	2017
Grant Revenue:		
Canada Council for the Arts - operating	\$115,500	\$115,500
Ontario Arts Council - operating	137,655	133,000
Ontario Arts Council - compass grant	-	5,000
Service Canada - summer student	3,648	2,880
Niagara Investment in Culture - new play development	-	14,346
Niagara Investment in Culture - 45th Anniversary Celebration	-	2,500
City of St. Catharines - operating	38,000	35,000
City of St. Catharines - Culture Days	406	726
	<hr/> <hr/>	<hr/> <hr/>
	\$295,209	\$308,952
Fundraising and Special Events Revenue:		
Individual donations	\$9,822	\$15,287
Nevada ticket lottery	4,925	4,925
Carousel Caravan fundraiser	5,444	5,626
	<hr/> <hr/>	<hr/> <hr/>
	\$20,191	\$25,838
Other Revenue:		
Miscellaneous income	\$2,931	\$2,716
	<hr/> <hr/>	<hr/> <hr/>
	\$2,931	\$2,716
Investment Revenue:		
Ontario Arts Endowment Fund (note 7)	\$6,479	\$6,317
Interest - Investment	771	329
	<hr/> <hr/>	<hr/> <hr/>
	\$7,250	\$6,646

See accompanying notes to the financial statements

CAROUSEL PLAYERS**SCHEDULE 2**

Schedule of Expenditures for the year ended June 30, 2018

	2018	2017
Administration:		
Administrative staff salaries and benefits	\$85,496	\$86,322
Administrative travel	1,098	206
Bond Insurance	283	282
Bookkeeping services	2,259	2,355
Bank and credit card charges	979	900
Consultant fees-compass	-	5,059
Directors' liability insurance	1,372	1,372
Memberships	1,915	1,998
Office, postage and sundry	3,994	5,368
Professional fees-audit	4,153	4,002
Professional development	1,378	1,994
Telecommunications	6,121	5,440
	<u>\$109,048</u>	<u>\$115,298</u>
Production:		
Artistic fees - actors/stage managers/designers	\$88,105	\$88,008
Artistic director salary and benefits	36,575	45,878
Artistic director travel	3,689	1,398
Production manager salary and benefits	32,934	30,882
Production travel	1,127	2,651
Royalties	7,373	5,660
Sets, prop, costumes and sundry	32,383	36,868
Touring allowances and vehicle expenses	7,628	5,796
	<u>\$209,814</u>	<u>\$217,141</u>
Fundraising and Special events:		
Nevada ticket lottery	\$2,836	\$2,608
Carousel Caravan fundraiser	4,695	2,926
Other fundraising	3,059	1,350
	<u>\$10,590</u>	<u>\$6,884</u>
Facilities:		
Rent	\$14,700	\$13,200
Insurance	5,101	5,831
Maintenance	2,414	5,586
Parking	143	1,169
	<u>\$22,358</u>	<u>\$25,786</u>

See accompanying notes to the financial statements

CAROUSEL PLAYERS**SCHEDULE 2**

Schedule of Expenditures for the year ended June 30, 2018

	2018	2017
Publicity and Promotion:		
Openings and receptions	-	\$290
Photography and design	1,738	2,107
Postage	353	891
Printing and advertising	1,924	3,384
Promotional video	1,507	6,022
Showcase expenses	998	52
Study guides	711	1,123
Other marketing	941	160
	<hr/> \$8,172 <hr/>	<hr/> \$14,029 <hr/>

See accompanying notes to the financial statements

CAROUSEL PLAYERS

Notes to Financial Statements

Year Ended June 30, 2018

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.

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, short-term investments, accounts receivable and HST receivable.

CAROUSEL PLAYERS
Notes to Financial Statements
Year Ended June 30, 2018

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 and government remittances payable.

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. Short-term investments

The short-term investments are GIC's which are redeemable on their anniversary dates, bear interest at 1.65% and 1.5% and mature on February 12, 2019 and December 21, 2020.

4. Capital Assets

			2018	2017
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Theatre equipment	\$113,731	\$113,731	-	-
Furniture and equipment	69,113	67,959	1,154	3,230
Vehicle	50,382	44,497	5,885	7,846
Leasehold improvements	2,042	2,042	-	-
	<u>\$235,268</u>	<u>\$228,229</u>	<u>\$7,039</u>	<u>\$11,076</u>

5. 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, 2018

6. Deferred Revenue

Changes in the deferred revenue balances are as follows:

	Theatre School Fees	Niagara Region	Canada Council for The Arts	Other	Total 2018	Total 2017
Balance, beginning	\$14,000	-	\$57,750	\$600	\$72,350	\$79,410
Amounts received	11,385	9,241	-	5,000	25,626	81,761
Amounts realized	(15,635)	-	(57,750)	(600)	(73,985)	(88,821)
Balance, ending	\$9,750	\$9,241	-	\$5,000	\$23,991	\$72,350

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.

	2018	2017
Balance, beginning of year	\$1,359	\$3,359
Amortized to revenue	(1,359)	(2,000)
Balance, end of year	-	\$1,359

CAROUSEL PLAYERS

Notes to Financial Statements

Year Ended June 30, 2018

7. Deferred Contributions - Capital (con'd)

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>2018</u>	<u>2017</u>
Balance, beginning of year	\$7,396	\$9,862
Amortized to revenue	(1,849)	(2,466)
Balance, end of year	<u>\$5,547</u>	<u>\$7,396</u>

8. Ontario Arts Endowment Fund

The market value of Carousel Players' Arts Endowment Fund is \$143,795 as at June 30, 2018 (June 30, 2017 - \$140,706). 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.

9. Interfund Transfer

During the year, an amount of \$580 was transferred from the Restricted Capital Reserve Fund to the General Fund in order to fund the purchase of an air conditioner and computer equipment.

10. Commitment

The organization is currently party to a lease agreement which was renewed on July 1, 2018, for its office premises. The lease requires monthly payments of \$1,250.00 and expires June 30, 2019.

11. 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 \$3,490 for current service (2017 - \$4,386) and is included as an expenditure in the statement of operations.

CAROUSEL PLAYERS

Notes to Financial Statements

Year Ended June 30, 2018

12. 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 2018.