

CAROUSEL PLAYERS
Financial Statements

Year Ended June 30, 2019

CAROUSEL PLAYERS

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Year Ended June 30, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of **CAROUSEL PLAYERS**

Qualified Opinion

I have audited the accompanying financial statements of CAROUSEL PLAYERS, which comprise the statement of financial position as at June 30, 2019, 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, 2019, and a summary of significant accounting policies and other explanatory information.

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of CAROUSEL PLAYERS as at June 30, 2019 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

In common with many non-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, 2019 and June 30, 2018, any adjustments might be necessary to revenue, excess of expenditures over revenue, 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, 2018.

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of CAROUSEL PLAYERS in accordance with ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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.

In preparing the financial statements, management is responsible for assessing CAROUSEL PLAYERS' 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 CAROUSEL PLAYERS or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing CAROUSEL PLAYERS' financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 CAROUSEL PLAYERS' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Auditor's Responsibilities for the Audit of the Financial Statements (con'd)

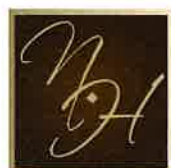
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on CAROUSEL PLAYERS' ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause CAROUSEL PLAYERS 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.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and the significant audit findings, including any significant deficiencies in internal control that I identify during the audit.



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

September 26, 2019
St. Catharines, Ontario



NICOLE HENDERSON
Professional Corporation
CHARTERED PROFESSIONAL ACCOUNTANT

CAROUSEL PLAYERS

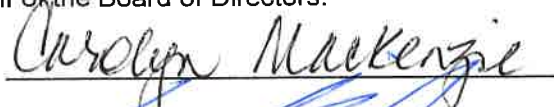
Statement of Financial Position as at June 30, 2019

	2019	2018
ASSETS		
Current Assets		
Cash	\$62,106	\$12,460
Short-term investments (note 3)	15,452	15,281
Accounts receivable	15,221	200
HST receivable	1,737	2,829
Prepaid expenses	19,584	18,630
	<hr/>	<hr/>
	114,100	49,400
Capital Assets (note 4)	5,474	7,039
	<hr/>	<hr/>
	\$119,574	\$56,439
	<hr/>	<hr/>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$15,565	\$6,186
Government remittances payable	5,456	3,136
Deferred revenue (note 6)	78,925	23,991
	<hr/>	<hr/>
	99,946	33,313
Deferred contributions - capital (note 7)		
Deferred contributions - Vehicle	4,160	5,547
	<hr/>	<hr/>
	4,160	5,547
Total Liabilities	104,106	38,860
Net Assets		
Unrestricted General Fund	(4,897)	1,775
Restricted Capital Reserve Fund	16,226	10,494
McLauchlan Memorial Fund	4,139	5,310
	<hr/>	<hr/>
	15,468	17,579
Commitment (note 10)		
	<hr/>	<hr/>
	\$119,574	\$56,439
	<hr/>	<hr/>

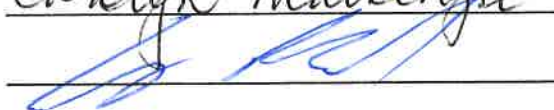
See accompanying notes to the financial statements

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, 2019

	2019	2018
Revenue		
Grant revenue (schedule 1)	↑ \$382,509	\$295,209
Corporations/social clubs	10,125	16,300
Foundation revenues	14,600	-
In school touring revenues	19,350	17,100
Fees from presenters	↑ 51,500	6,481
Mainstage ticket sales	6,614	2,170
Theatre school programs	19,995	15,635
Special projects income	2,512	11,550
Fundraising and special events (schedule 1)	↑ 29,064	20,191
Other revenue (schedule 1)	6,100	2,931
Investment revenue (schedule 1)	8,345	7,250
Rental revenue	2,475	4,780
	<hr/> 553,189	<hr/> 399,597
Expenditures		
Administration (schedule 2)	116,414	109,402
Production (schedule 2)	↑ 311,363	209,814
Fundraising and special events (schedule 2)	10,901	10,590
Facilities (schedule 2)	21,775	22,358
Publicity and promotion (schedule 2)	12,652	7,819
Education (schedule 2)	69,786	18,158
Special projects	8,487	446
New play development	8,305	19,393
	<hr/> 559,683	<hr/> 397,980
Excess of revenue over expenditures (expenditures over revenue) before capital items	<hr/> (6,494)	<hr/> 1,617
Capital items		
Amortization of capital assets	(1,951)	(4,617)
Recognition of deferred contributions (note 7)	1,387	3,208
	<hr/> (564)	<hr/> (1,409)
Excess of revenue over expenditures (expenditures over revenue)	<hr/> (7,058)	<hr/> 208
Balance, beginning of year	1,775	987
Interfund transfer (note 9)	386	580
Balance, end of year	<hr/> (\$4,897) <hr/>	<hr/> \$1,775 <hr/>

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, 2019

	Restricted Capital Reserve Fund	McLauchlan Memorial Fund	2019	2018
Balance, beginning of year	\$10,494	\$5,310	\$15,804	\$14,426
Revenue:				
Donations	-	305	305	1,828
Sale of capital assets	6,000	-	6,000	-
Interest income	118	54	172	130
	6,118	359	6,477	1,958
Expenditures	-	-	-	-
Playlinks	-	1,530	1,530	-
	-	1,530	1,530	-
Excess of revenue over expenditures	6,118	(1,171)	4,947	1,958
Interfund transfer (note 9)	(386)	-	(386)	(580)
Balance, end of year	\$16,226	\$4,139	\$20,365	\$15,804

See accompanying notes to the financial statements

CAROUSEL PLAYERS

Statement of Cash Flows for the year ended June 30, 2019

	2019	2018
Cash flows from operating activities		
Excess of revenue over expenditures (expenditures over revenue)	(\$2,111)	\$2,166
Items not affecting cash:		
Amortization of capital assets	1,951	4,617
Recognition of deferred contributions	(1,387)	(3,208)
Changes in non-cash working capital:		
Accounts receivable	(15,021)	1,032
HST receivable	1,092	(2,345)
Prepaid expenses	(954)	(10,570)
Accounts payable and accrued liabilities	9,379	2,099
Government remittances payable	2,320	3,136
Deferred revenue	54,934	(48,359)
Net cash provided by (used in) operating activities	50,203	(51,432)
Cash flows from investing activities		
Acquisition of capital assets (net)	(386)	(580)
Net cash used in investing activities	(386)	(580)
Increase (decrease) in cash position	49,817	(52,012)
Cash position, beginning of year	27,741	79,753
Cash position, end of year	\$77,558	\$27,741
Cash consists of:		
Cash	\$62,106	\$12,460
Short-term investments	15,452	15,281
	<u>\$77,558</u>	<u>\$27,741</u>

See accompanying notes to the financial statements

CAROUSEL PLAYERS**SCHEDULE 1**

Schedule of Revenue for the year ended June 30, 2019

	2019	2018
Grant Revenue:		
Canada Council for the Arts - operating	\$115,500	\$115,500
Canada Council for the Arts - Travel Grant	1,500	-
Ontario Arts Council - operating	141,096	137,655
Ontario Ministry of Training, Colleges and Universities - OJCP	5,632	-
Service Canada - summer student	10,080	3,648
Ontario Trillium Foundation - After-school drama program	48,600	-
Niagara Investment in Culture - community tour	18,481	-
City of St. Catharines - operating	39,000	38,000
City of St. Catharines - Culture Days	1,000	406
Other travel grants	1,620	-
	<u>\$382,509</u>	<u>\$295,209</u>
Fundraising and Special Events Revenue:		
Individual donations	\$16,017	\$9,822
Nevada ticket lottery	4,925	4,925
Fundraising events revenue	8,122	5,444
	<u>\$29,064</u>	<u>\$20,191</u>
Other Revenue:		
Miscellaneous income	\$6,100	\$2,931
	<u>\$6,100</u>	<u>\$2,931</u>
Investment Revenue:		
Ontario Arts Endowment Fund (note 8)	\$6,448	\$6,479
Interest - Investment	1,897	771
	<u>\$8,345</u>	<u>\$7,250</u>

See accompanying notes to the financial statements

CAROUSEL PLAYERS**SCHEDULE 2**

Schedule of Expenditures for the year ended June 30, 2019

	2019	2018
Administration:		
Administrative staff salaries and benefits	\$89,807	\$85,496
Administrative travel	1,740	1,098
Bond Insurance	332	283
Bookkeeping services	2,989	2,259
Bank and credit card charges	1,835	979
Directors' liability insurance	1,300	1,372
Memberships	2,095	1,915
Office, postage and sundry	4,961	4,348
Professional fees-audit	4,002	4,153
Professional development	2,123	1,378
Telecommunications	5,230	6,121
	<u>\$116,414</u>	<u>\$109,402</u>
Production:		
Artistic fees - actors/stage managers/designers	\$145,337	\$88,105
Artistic director salary and benefits	57,506	36,575
Artistic director travel	4,890	3,689
Production manager salary and benefits	36,736	32,934
Production travel	3,313	1,127
Royalties	13,880	7,373
Sets, prop, costumes and sundry	43,814	32,383
Touring allowances and vehicle expenses	5,887	7,628
	<u>\$311,363</u>	<u>\$209,814</u>
Fundraising and Special events:		
Nevada ticket lottery	\$2,592	\$2,836
Carousel Caravan fundraiser	6,353	4,695
Other fundraising	1,956	3,059
	<u>\$10,901</u>	<u>\$10,590</u>
Facilities:		
Rent	\$15,000	\$14,700
Insurance	5,230	5,101
Maintenance	1,525	2,414
Parking	20	143
	<u>\$21,775</u>	<u>\$22,358</u>

See accompanying notes to the financial statements

CAROUSEL PLAYERS**SCHEDULE 2**

Schedule of Expenditures for the year ended June 30, 2019

	2019	2018
Publicity and Promotion:		
Openings and receptions	\$20	-
Photography and design	2,009	1,738
Printing and advertising	4,130	1,924
Promotional video	3,957	1,507
Showcase expenses	786	998
Study guides	-	711
Website design	1,250	-
Other marketing	500	941
	<hr/> <hr/>	<hr/> <hr/>
	\$12,652	\$7,819
Education:		
Education coordinator salaries and benefits	\$22,564	-
Theatre school program	21,032	13,784
March break program	2,478	-
After-school drama program	23,092	-
Playlinks program	620	4,374
	<hr/> <hr/>	<hr/> <hr/>
	\$69,786	\$18,158

See accompanying notes to the financial statements

CAROUSEL PLAYERS

Notes to Financial Statements

Year Ended June 30, 2019

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, 2019

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, 2019

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 0.66% and 2.0% and mature on February 12, 2022 and December 21, 2020.

4. Capital Assets

	Cost	Accumulated Amortization	2019 Net Book Value	2018 Net Book Value
Theatre equipment	\$97,158	\$97,158	-	-
Furniture and equipment	69,499	68,438	1,061	1,154
Vehicle	50,382	45,969	4,413	5,885
Leasehold improvements	2,042	2,042	-	-
	<u>\$219,081</u>	<u>\$213,607</u>	<u>\$5,474</u>	<u>\$7,039</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, 2019

6. Deferred Revenue

Changes in the deferred revenue balances are as follows:

	Theatre School Fees	Niagara Investment in Culture	Canada Council for The Arts	Other	Total 2019	Total 2018
Balance, beginning	\$9,750	\$9,241	-	\$5,000	\$23,991	\$72,350
Amounts received	27,370	19,240	36,000	20,400	103,010	25,626
Amounts realized	(19,995)	(18,481)	-	(9,600)	(48,076)	(73,985)
Balance, ending	\$17,125	\$10,000	\$36,000	\$15,800	\$78,925	\$23,991

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 was recognized as revenue. The grant was fully amortized in the previous year.

	2019	2018
Balance, beginning of year	-	\$1,359
Amortized to revenue	-	(1,359)
Balance, end of year	-	-

CAROUSEL PLAYERS

Notes to Financial Statements

Year Ended June 30, 2019

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.

	2019	2018
Balance, beginning of year	\$5,547	\$7,396
Amortized to revenue	(1,387)	(1,849)
Balance, end of year	<u>\$4,160</u>	<u>\$5,547</u>

8. Ontario Arts Endowment Fund

The market value of Carousel Players' Arts Endowment Fund is \$144,352 as at June 30, 2019 (June 30, 2018 - \$143,795). 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 \$386 was transferred from the Restricted Capital Reserve Fund to the General Fund in order to fund the purchase of computer equipment.

10. Commitment

The organization is currently party to a lease agreement which was renewed on July 1, 2019, for its office premises. The lease requires monthly payments of \$1,275.00 and expires June 30, 2020.

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 \$4,528 for current service (2018 - \$3,490) and is included as an expenditure in the statement of operations.

CAROUSEL PLAYERS

Notes to Financial Statements
Year Ended June 30, 2019

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 2019.

13. Comparative Amounts

Certain comparative information from 2018 have been reclassified to conform to the presentation adopted for 2019.