

CAROUSEL PLAYERS
Financial Statements

Year Ended June 30, 2020

CAROUSEL PLAYERS

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Year Ended June 30, 2020

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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, 2020, 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, 2020, 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, 2020 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, 2020 and June 30, 2019, 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, 2019.

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

October 22, 2020
St. Catharines, Ontario



NICOLE HENDERSON
Professional Corporation
CHARTERED PROFESSIONAL ACCOUNTANT

CAROUSEL PLAYERS

Statement of Financial Position as at June 30, 2020



	2020	2019
ASSETS		
Current Assets		
Cash	\$139,319	\$62,106
Short-term investments (note 3)	15,674	15,452
Accounts receivable	16,799	15,221
HST receivable	4,730	1,737
Prepaid expenses	5,935	19,584
	<hr/>	<hr/>
	182,457	114,100
Capital Assets (note 4)	3,849	5,474
	<hr/>	<hr/>
	\$186,306	\$119,574
	<hr/>	<hr/>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$4,587	\$15,565
Government remittances payable	5,682	5,456
Deferred revenue (note 6)	83,274	78,925
Deferred revenue - Ontario Trillium Foundation (note 7)	10,855	-
Deferred revenue - Ontario Arts Council	64,904	-
	<hr/>	<hr/>
	169,302	99,946
Deferred contributions - capital (note 8)		
Deferred contributions - Vehicle	3,120	4,160
	<hr/>	<hr/>
	3,120	4,160
Total Liabilities	172,422	104,106
Net Assets		
Unrestricted General Fund	(1,796)	(4,897)
Restricted Capital Reserve Fund	11,424	16,226
McLauchlan Memorial Fund	4,256	4,139
	<hr/>	<hr/>
	13,884	15,468
Commitment (note 11)		
	<hr/>	<hr/>
	\$186,306	\$119,574
	<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, 2020

	2020	2019
Revenue		
Grant revenue (schedule 1)	\$402,295	\$382,509
Corporations/social clubs	12,928	10,125
Foundation revenues	5,000	14,600
In school touring revenues	5,859	19,350
Fees from presenters	55,658	51,500
Mainstage ticket sales	450	6,614
Theatre school programs	23,798	19,995
Special projects income	5,755	2,512
Fundraising and special events (schedule 1)	15,054	29,064
Other revenue (schedule 1)	55,241	6,100
Investment revenue (schedule 1)	8,105	8,345
Rental revenue	1,712	2,475
	<hr/>	<hr/>
	591,855	553,189
Expenditures		
Administration (schedule 2)	152,190	116,414
Production (schedule 2)	324,046	311,363
Fundraising and special events (schedule 2)	4,521	10,901
Facilities (schedule 2)	24,121	21,775
Publicity and promotion (schedule 2)	13,763	12,652
Education (schedule 2)	59,699	69,786
Special projects	5,747	8,487
New play development	8,957	8,305
	<hr/>	<hr/>
	593,044	559,683
Excess of expenditures over revenue before capital items	<hr/>	<hr/>
	(1,189)	(6,494)
Capital items		
Amortization of capital assets	(1,625)	(1,951)
Recognition of deferred contributions (note 8)	1,040	1,387
	<hr/>	<hr/>
	(585)	(564)
Excess of expenditures over revenue	<hr/>	<hr/>
	(1,774)	(7,058)
Balance, beginning of year	(4,897)	1,775
Interfund transfer (note 10)	4,875	386
Balance, end of year	<hr/> <hr/>	<hr/> <hr/>
	(\$1,796)	(\$4,897)

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, 2020

	Restricted Capital Reserve Fund	McLauchlan Memorial Fund	2020	2019
Balance, beginning of year	\$16,226	\$4,139	\$23,547	\$18,986
Revenue:				
Donations	-	-	-	305
Sale of capital assets	-	-	-	6,000
Interest income	73	117	190	172
	<u>73</u>	<u>117</u>	<u>190</u>	<u>6,477</u>
Expenditures	-	-	-	-
Playlinks	-	-	-	1,530
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,530</u>
Excess of revenue over expenditures	<u>73</u>	<u>117</u>	<u>190</u>	<u>4,947</u>
Interfund transfer (note 10)	(4,875)	-	(4,875)	(386)
Balance, end of year	<u>\$11,424</u>	<u>\$4,256</u>	<u>\$18,862</u>	<u>\$23,547</u>

See accompanying notes to the financial statements

CAROUSEL PLAYERS

Statement of Cash Flows for the year ended June 30, 2020

	2020	2019
Cash flows from operating activities		
Excess of expenditures over revenue	(\$1,584)	(\$2,111)
Items not affecting cash:		
Amortization of capital assets	1,625	1,951
Recognition of deferred contributions	(1,040)	(1,387)
Changes in non-cash working capital:		
Accounts receivable	(1,578)	(15,021)
HST receivable	(2,993)	1,092
Prepaid expenses	13,649	(954)
Accounts payable and accrued liabilities	(10,978)	9,379
Government remittances payable	226	2,320
Deferred revenue	4,349	54,934
Deferred revenue - Ontario Trillium Foundation	10,855	-
Deferred revenue - Ontario Arts Council	64,904	-
Net cash provided by operating activities	77,435	50,203
Cash flows from investing activities		
Acquisition of capital assets (net)	-	(386)
Net cash provided by (used in) investing activities	-	(386)
Increase in cash position	77,435	49,817
Cash position, beginning of year	77,558	27,741
Cash position, end of year	\$154,993	\$77,558
Cash consists of:		
Cash	\$139,319	\$62,106
Short-term investments	15,674	15,452
	\$154,993	\$77,558

See accompanying notes to the financial statements

CAROUSEL PLAYERS**SCHEDULE 1**

Schedule of Revenue for the year ended June 30, 2020

	2020	2019
Grant Revenue:		
Canada Council for the Arts - operating	\$130,000	\$115,500
Canada Council for the Arts - Travel Grant	3,000	1,500
Canada Council for the Arts - Digital Strategy	32,341	-
Canada Council for the Arts - COVID relief	10,000	-
Ontario Arts Council - operating	129,808	141,096
Ontario Arts Council - touring grant	3,500	-
Ontario Ministry of Training, Colleges and Universities - OJCP	-	5,632
Service Canada - summer student	7,840	10,080
Ontario Trillium Foundation - After-school drama program	-	48,600
Ontario Trillium Foundation - Early years education program	23,145	-
Niagara Investment in Culture - community tour	19,561	18,481
City of St. Catharines - operating	42,000	39,000
City of St. Catharines - Culture Days	1,100	1,000
Other travel grants	-	1,620
	<u>\$402,295</u>	<u>\$382,509</u>
Fundraising and Special Events Revenue:		
Individual donations	\$6,428	\$16,017
Nevada ticket lottery	3,134	4,925
Fundraising events revenue	5,492	8,122
	<u>\$15,054</u>	<u>\$29,064</u>
Other Revenue:		
COVID wage subsidy programs	\$52,202	-
Miscellaneous income	3,039	6,100
	<u>\$55,241</u>	<u>\$6,100</u>
Investment Revenue:		
Ontario Arts Endowment Fund (note 9)	\$6,375	\$6,448
Interest - Investment	1,730	1,897
	<u>\$8,105</u>	<u>\$8,345</u>

See accompanying notes to the financial statements

CAROUSEL PLAYERS**SCHEDULE 2**

Schedule of Expenditures for the year ended June 30, 2020

	2020	2019
Administration:		
Administrative staff salaries and benefits	\$96,485	\$89,807
Administrative travel	4	1,740
Bond Insurance	283	332
Bookkeeping services	3,366	2,989
Bank and credit card charges	1,485	1,835
Consultant fees	35,126	-
Directors' liability insurance	1,288	1,300
Memberships	1,386	2,095
Office, postage and sundry	3,046	4,961
Professional fees-audit	4,002	4,002
Professional development	2,044	2,123
Telecommunications	3,675	5,230
	<hr/> <hr/> \$152,190	<hr/> <hr/> \$116,414
Production:		
Artistic fees - actors/stage managers/designers	\$123,594	\$145,337
Artistic director salary and benefits	45,635	57,506
Artistic director travel	675	4,890
Production manager salary and benefits	69,674	36,736
Production travel	9,705	3,313
Royalties	16,896	13,880
Sets, prop, costumes and sundry	38,108	43,814
Touring allowances and vehicle expenses	19,759	5,887
	<hr/> <hr/> \$324,046	<hr/> <hr/> \$311,363
Fundraising and Special events:		
Nevada ticket lottery	\$1,192	\$2,592
Carousel Caravan fundraiser	2,631	6,353
Other fundraising	698	1,956
	<hr/> <hr/> \$4,521	<hr/> <hr/> \$10,901
Facilities:		
Rent	\$15,300	\$15,000
Insurance	5,961	5,230
Maintenance	2,860	1,525
Parking	-	20
	<hr/> <hr/> \$24,121	<hr/> <hr/> \$21,775

See accompanying notes to the financial statements

CAROUSEL PLAYERS**SCHEDULE 2**

Schedule of Expenditures for the year ended June 30, 2020

	2020	2019
Publicity and Promotion:		
Openings and receptions	\$1,072	\$20
Outreach coordinator salaries and benefits	7,887	-
Photography and design	1,809	2,009
Printing and advertising	1,902	4,130
Promotional video	-	3,957
Showcase expenses	556	786
Website design	-	1,250
Other marketing	537	500
	<hr/> <hr/>	<hr/> <hr/>
	\$13,763	\$12,652
Education:		
Education coordinator salaries and benefits	\$14,744	\$22,564
Theatre school program	29,823	21,032
March break program	2,445	2,478
Early years arts-education program	8,585	-
After-school drama program	4,052	23,092
Playlinks program	50	620
	<hr/> <hr/>	<hr/> <hr/>
	\$59,699	\$69,786

See accompanying notes to the financial statements

CAROUSEL PLAYERS

Notes to Financial Statements
Year Ended June 30, 2020

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, 2020

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, 2020

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 2.5% and mature on February 12, 2022 and December 21, 2020.

4. Capital Assets

			2020	2019
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Theatre equipment	\$97,158	\$97,158	-	-
Furniture and equipment	69,499	68,960	539	1,061
Vehicle	50,382	47,072	3,310	4,413
Leasehold improvements	2,042	2,042	-	-
	<u>\$219,081</u>	<u>\$215,232</u>	<u>\$3,849</u>	<u>\$5,474</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, 2020

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 2020	Total 2019
Balance, beginning	\$17,125	\$10,000	\$36,000	\$15,800	\$78,925	\$23,991
Amounts received	374	9,561	88,741	3,500	102,176	103,010
Amounts realized	(17,125)	(19,561)	(45,341)	(15,800)	(97,827)	(48,076)
Balance, ending	\$374	-	\$79,400	\$3,500	\$83,274	\$78,925

7. Deferred Revenue - Ontario Trillium Foundation

During the year, the organization received grant monies from the Ontario Trillium Foundation in accordance with the terms of an approved funding agreement. The project is focussed on early years arts education. Certain amounts have been deferred and will be realized when expended.

	2020	2019
Balance, beginning of year	-	-
Received during the year	34,000	-
Realized during the year	(23,145)	-
Balance, end of year	\$10,855	-

CAROUSEL PLAYERS
Notes to Financial Statements
Year Ended June 30, 2020

8. Deferred Contributions - Capital

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>2020</u>	<u>2019</u>
Balance, beginning of year	\$4,160	\$5,547
Amortized to revenue	(1,040)	(1,387)
Balance, end of year	<u>\$3,120</u>	<u>\$4,160</u>

9. Ontario Arts Endowment Fund

The market value of Carousel Players' Arts Endowment Fund is \$134,522 as at June 30, 2020 (June 30, 2019 - \$144,352). 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.

10. Interfund Transfer

During the year, an amount of \$4,875 was transferred from the Restricted Capital Reserve Fund to the General Fund in order to fund the cost of a feasibility study.

11. Commitment

The organization is currently party to a lease agreement which was renewed on July 1, 2020, for its office premises. The lease requires monthly payments of \$1,300.00 and expires June 30, 2021.

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 \$4,802 for current service (2019 - \$4,528) and is included as an expenditure in the statement of operations.

CAROUSEL PLAYERS

Notes to Financial Statements

Year Ended June 30, 2020

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 2020.

14. Impact of Coronavirus COVID-19 Pandemic

In March 2020, the World Health Organization declared the Coronavirus COVID-19 outbreak a pandemic. This has resulted in significant financial, market and societal impacts in Canada and around the World.

The pandemic led to the cancellation of Carousel's spring productions and summer camp programs. In order to assist with this decrease in revenue, Carousel received an additional grant from the Canada Council for the Arts for COVID relief. As well, Carousel was able to adapt by offering virtual camps and is in the process of planning different ways to hold productions subsequent to the year. The organization has also claimed the Canada Emergency Wage Subsidy (CEWS) for which the Government of Canada provides a subsidy of 75% of employees wages.

The duration and magnitude of the pandemic's impact on Carousel's operations and financial position is not known at this time. These factors present uncertainty over future cash flows, may cause significant changes to the assets or liabilities and may have a significant impact on future operations. An estimate of the financial effect is not practicable at this time.