

CAROUSEL PLAYERS
Financial Statements

Year Ended June 30, 2022

CAROUSEL PLAYERS
Index to the Financial Statements
Year Ended June 30, 2022

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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, 2022, 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, 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, 2022 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, 2022 and June 30, 2021, any adjustments might be necessary to revenue, excess of expenditures over revenue, assets and net assets. This also caused me to qualify my audit opinion on the financial statements as at and for the year ended June 30, 2021.

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.

**St. Catharines, Ontario
December 7, 2022**



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



NICOLE HENDERSON
Professional Corporation
CHARTERED PROFESSIONAL ACCOUNTANT

CAROUSEL PLAYERS

Statement of Financial Position as at June 30, 2022

	2022	2021
ASSETS		
Current assets		
Cash	\$7,004	\$77,460
Short-term investments (note 3)	173,189	141,032
Accounts receivable	15,669	29,874
HST receivable	-	633
Prepaid expenses	19,174	17,008
	<u>215,036</u>	<u>266,007</u>
Capital assets (note 4)	1,905	2,681
	<u>\$216,941</u>	<u>\$268,688</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$5,056	\$10,419
Government remittances payable	9,980	5,607
Deferred revenue (note 6)	35,304	41,050
Deferred revenue - Ontario Trillium Foundation (note 7)	-	3,843
	<u>50,340</u>	<u>60,919</u>
Long-term liabilities		
CEBA loan payable (note 8)	60,000	60,000
Deferred contributions - capital (note 9)	1,755	2,340
	<u>61,755</u>	<u>62,340</u>
Total Liabilities	112,095	123,259
Net Assets		
Unrestricted General Fund	88,699	129,599
Restricted Capital Reserve Fund	11,727	11,497
McLauchlan Memorial Fund	4,420	4,333
	<u>104,846</u>	<u>145,429</u>
Commitment (note 12)		
	<u>\$216,941</u>	<u>\$268,688</u>

See accompanying notes to the financial statements

On behalf of the Board of Directors:

Director: Wendy Kulp

Director: Nease

CAROUSEL PLAYERS

Statement of Operations and Changes in Net Assets - General Fund for the year ended June 30, 2022

	2022	2021
Revenue		
Grant revenue (schedule 1)	\$417,428	\$403,901
Corporations/social clubs	22,950	5,750
Foundation revenues	13,500	25,750
In school touring revenues	14,020	2,948
Fees from presenters	8,260	-
Mainstage ticket sales	6,366	30
Theatre school programs	25,773	5,642
Special projects income	6,667	1,167
Fundraising and special events (schedule 1)	26,690	13,667
Other revenue (schedule 1)	91,461	242,052
Investment revenue (schedule 1)	10,552	7,607
Rental revenue	-	547
	<hr/> 643,667	<hr/> 717,061
Expenditures		
Administration (schedule 2)	160,159	147,996
Production (schedule 2)	315,974	225,058
Fundraising and special events (schedule 2)	4,013	3,985
Facilities (schedule 2)	41,173	37,658
Publicity and promotion (schedule 2)	53,740	45,605
Education (schedule 2)	59,436	94,533
Special projects	31,435	8,036
New play development	18,446	21,407
	<hr/> 684,376	<hr/> 585,278
Excess of revenue over expenditures (expenditures over revenue) before capital items	<hr/> (40,709)	<hr/> 131,783
Capital items		
Amortization of capital assets	(776)	(1,168)
Recognition of deferred contributions (note 9)	585	780
	<hr/> (191)	<hr/> (388)
Excess of revenue over expenditures (expenditures over revenue)	<hr/> (40,900)	<hr/> 131,395
Balance, beginning of year	129,599	(1,796)
Balance, end of year	<hr/> \$88,699	<hr/> \$129,599

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, 2022

	Restricted Capital Reserve Fund	McLauchlan Memorial Fund	2022	2021
Balance, beginning of year	\$11,497	\$4,333	\$15,830	\$15,680
Revenue:				
Interest income	230	87	317	150
	<u>230</u>	<u>87</u>	<u>317</u>	<u>150</u>
Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenue over expenditures	<u>230</u>	<u>87</u>	<u>317</u>	<u>150</u>
Balance, end of year	<u>\$11,727</u>	<u>\$4,420</u>	<u>\$16,147</u>	<u>\$15,830</u>

See accompanying notes to the financial statements

CAROUSEL PLAYERS

Statement of Cash Flows for the year ended June 30, 2022

	2022	2021
Cash flows from operating activities		
Excess of revenue over expenditures (expenditures over revenue)	(\$40,583)	\$11,545
Items not affecting cash:		
Amortization of capital assets	776	1,168
Recognition of deferred contributions	(585)	(780)
Changes in non-cash working capital:		
Accounts receivable	14,205	(13,075)
HST receivable	2,679	4,097
Prepaid expenses	(2,166)	(11,073)
Accounts payable and accrued liabilities	(5,363)	5,832
Government remittances payable	2,327	(75)
Deferred revenue	(5,746)	(42,224)
Deferred revenue - Ontario Trillium Foundation	(3,843)	17,012
Deferred revenue - Ontario Arts Council	-	(€4,904)
Net cash provided by (used in) operating activities	(38,299)	3,499
Cash flows from financing activities		
Proceeds from long-term debt (CEBA loan)	-	€0,000
Net cash provided by financing activities	-	€0,000
Increase (decrease) in cash position	(38,299)	€3,499
Cash position, beginning of year	218,492	154,993
Cash position, end of year	\$180,193	\$218,492
Cash consists of:		
Cash	\$7,004	\$77,460
Short-term investments	173,189	141,032
	<u>\$180,193</u>	<u>\$218,492</u>

See accompanying notes to the financial statements

CAROUSEL PLAYERS**SCHEDULE 1**

Schedule of Revenue for the year ended June 30, 2022

	2022	2021
Grant Revenue:		
Canada Council for the Arts - operating	\$136,500	\$136,500
Canada Council for the Arts - CCA Reopening grant	27,300	-
Canada Council for the Arts - COVID relief	-	33,900
Ontario Arts Council - operating	129,808	129,808
Province of Ontario - COVID grants	10,000	20,000
Ontario Ministry of Heritage, Sport, Tourism and Culture	5,550	-
Ontario Trillium Foundation - Early years education program	-	14,357
Ontario Trillium Foundation - Resilient Communities Fund	5,843	8,655
Niagara Investment in Culture - community tour	6,000	-
City of St. Catharines - operating	47,000	42,798
City of St. Catharines - Arts and Culture community revitalization	-	10,000
City of St. Catharines - Culture Days	1,000	1,000
Employment support grants	48,127	11,358
Other professional development support	300	525
	<u>\$417,428</u>	<u>\$408,901</u>
Fundraising and Special Events Revenue:		
Individual donations	\$8,641	\$9,812
Special project donations	11,750	-
Nevada ticket lottery	3,134	4,030
Fundraising events revenue	3,165	2,825
	<u>\$26,690</u>	<u>\$16,667</u>
Other Revenue:		
COVID wage and rent subsidy programs	\$84,835	\$241,729
Miscellaneous income	6,626	323
	<u>\$91,461</u>	<u>\$242,052</u>
Investment Revenue:		
Ontario Arts Endowment Fund (note 10)	\$7,922	\$7,353
Interest - Investment	2,630	254
	<u>\$10,552</u>	<u>\$7,607</u>

See accompanying notes to the financial statements

CAROUSEL PLAYERS**SCHEDULE 2**

Schedule of Expenditures for the year ended June 30, 2022

	2022	2021
Administration:		
Administrative staff salaries and benefits	\$138,010	\$103,374
Bad debt expense	-	500
Bookkeeping services	2,060	2,238
Bank and credit card charges	2,113	1,057
Consultant fees	783	20,788
Directors' liability insurance	1,430	1,360
Memberships	1,675	1,658
Office, postage and sundry	4,782	4,326
Professional fees-audit	4,002	4,002
Professional development	706	3,188
Telecommunications	4,598	5,505
	<hr/> <hr/>	<hr/> <hr/>
	\$160,159	\$147,996
Production:		
Artistic fees - actors/stage managers/designers	\$91,237	\$40,456
Artistic director salary and benefits	56,521	54,233
Artistic director travel	768	-
Production manager salary and benefits	74,487	102,287
Artistic intern salary and benefits	21,566	-
Production travel	2,656	48
Royalties	12,561	2,450
Sets, prop, costumes and sundry	35,919	23,442
Technical crew	1,760	-
Touring allowances and vehicle expenses	18,499	3,142
	<hr/> <hr/>	<hr/> <hr/>
	\$315,974	\$226,058
Fundraising and Special events:		
Nevada ticket lottery	\$1,724	\$1,039
Carousel Caravan fundraiser	548	2,138
Other fundraising	1,741	808
	<hr/> <hr/>	<hr/> <hr/>
	\$4,013	\$3,985
Facilities:		
Rent	\$15,900	\$15,600
Insurance	5,297	5,885
Maintenance	19,976	13,173
	<hr/> <hr/>	<hr/> <hr/>
	\$41,173	\$37,658

See accompanying notes to the financial statements

CAROUSEL PLAYERS**SCHED JLE 2**

Schedule of Expenditures for the year ended June 30, 2022

	2022	2021
Publicity and Promotion:		
Openings and receptions	\$223	-
Outreach coordinator salaries and benefits	15,122	39,730
Marketing student salaries and benefits	11,392	3,675
Photography and design	4,888	1,195
Printing and advertising	12,753	494
Promotional video	3,796	-
Showcase expenses	45	-
Study guides	750	-
Website design	4,158	-
Other marketing	613	511
	\$53,740	\$45,605
Education:		
Education coordinator salaries and benefits	\$25,535	\$39,292
Educators salaries and benefits	13,541	50,159
Theatre school program	13,478	2,399
March break program	3,218	-
Early years arts-education program	-	2,644
After-school drama program	3,664	39
	\$59,436	\$54,533

See accompanying notes to the financial statements

CAROUSEL PLAYERS

Notes to Financial Statements
Year Ended June 30, 2022

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 education programming.

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, 2022

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, 2022

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 0.6%, 0.4% and 2% and mature on July 6, 2022, November 2, 2022 and March 8, 2023.

4. Capital Assets

	Cost	Accumulated Amortization	2022 Net Book Value	2021 Net Book Value
Theatre equipment	\$97,158	\$97,158	-	-
Furniture and equipment	69,499	69,456	43	198
Vehicle	50,382	48,520	1,862	2,483
Leasehold improvements	2,042	2,042	-	-
	<u>\$219,081</u>	<u>\$217,176</u>	<u>\$1,905</u>	<u>\$2,681</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, 2022

6. Deferred Revenue

Changes in the deferred revenue balances are as follows:

	Theatre School Fees	Niagara Investment in Culture	Other	Total 2022	Total 2021
Balance, beginning	\$10,149	\$4,200	\$26,701	\$41,050	\$83,274
Amounts received	19,742	-	13,039	32,781	133,818
Amounts realized	(11,126)	(4,200)	(23,201)	(38,527)	(176,042)
Balance, ending	\$18,765	-	\$16,539	\$35,304	\$41,050

7. Deferred Revenue - Ontario Trillium Foundation - Resilient Communities Fund

In the prior 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 renovating and upgrading the current space to become an arts education centre. The project was completed during the year.

	2022	2021
Balance, beginning of year	\$3,843	-
Received during the year	2,000	18,200
Realized during the year	(5,843)	(14,357)
Balance, end of year	-	\$3,843

8. Canada Emergency Business Account (CEBA) Loan Payable

The organization applied for and received the \$60,000 CEBA loan during the year. The loan was provided by the Government of Canada to assist with the current challenges organizations are facing due to the COVID-19 pandemic. The loan is unsecured.

The loan is interest free and no principal payments are required until December 31, 2023. If the loan is paid back by December 31, 2023, \$20,000 of the loan will be forgiven. If the loan is not paid back by December 31, 2023, the loan will be converted to a loan repayable over three years with an interest rate of 5%.

CAROUSEL PLAYERS
Notes to Financial Statements
Year Ended June 30, 2022

9. 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>2022</u>	<u>2021</u>
Balance, beginning of year	\$2,340	\$3,120
Amortized to revenue	(585)	(780)
Balance, end of year	<u>\$1,755</u>	<u>\$2,340</u>

10. Ontario Arts Endowment Fund

The market value of Carousel Players' Arts Endowment Fund is \$136,336 as at June 30, 2022 (June 30, 2021 - \$160,969). 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.

11. Commitment

The organization is currently party to a lease agreement which was renewed on July 1, 2022, for its office premises. The lease requires monthly payments of \$1,415.00 and expires June 30, 2023.

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 \$6,383 for current service (2021 - \$8,540) and is included as an expenditure in the statement of operations.

CAROUSEL PLAYERS

Notes to Financial Statements
Year Ended June 30, 2022

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.

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.

During the year, the pandemic led to lockdowns and restrictions on in-school activities. Carousel Players was able to adapt by offering productions and in-classroom education programs digitally, and returned to in-person performance in the spring of 2022 with a community tour and special anniversary festival. In person education programs were resumed for 2022 with class size limits. The organization continued to claim the Canada Emergency Wage Subsidy until the program's end, and then claimed subsidies from the Tourism and Hospitality Recovery Program (THRP) as well as rent subsidy programs, all of which provided a subsidy of up to 75% of employees wages and rent based on the organization's revenue drop from comparable months in the year leading up to the pandemic. As well, the organization received the Ontario small business support grant and a supplement to its Canada Council for the Arts core grant from the Reopening Fund to assist with returning to public performances and events.

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.

15. Comparative Amounts

Certain comparative information from 2021 have been reclassified to conform to the presentation adopted for 2022.