

STORYLINE FX INCORPORATED
FINANCIAL STATEMENTS
JUNE 30, 2022

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Board of Directors of
Storyline FX Incorporated

Report on the Financial Statements

We have reviewed the accompanying financial statements of Storyline FX Incorporated that comprise the statement of financial position as at June 30, 2022 and the statements of operations, changes in net assets and cash flows for the year then ended, 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Storyline FX Incorporated as at June 30, 2022, and the results of its operations and its cash flows for the year then ended in accordance with the Canadian accounting standards for not-for-profit organizations.

November 17, 2022
Winnipeg, Canada



Chartered Professional Accountants

STORYLINE FX INCORPORATED

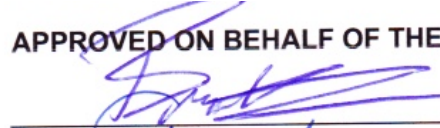
Statement of Financial Position

June 30, 2022

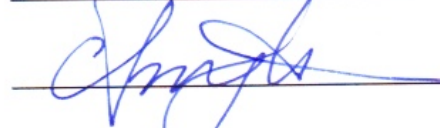
| | 2022 | 2021 |
|---|-------------------|-------------------|
| Assets | | |
| Current assets: | | |
| Cash | \$ 178,161 | \$ 227,003 |
| Accounts receivable (Note 4) | 1,877 | 19,745 |
| Goods and services tax recoverable | 3,427 | 1,449 |
| Prepaid expenses | 275 | 1,510 |
| | <u>183,740</u> | <u>249,707</u> |
| Capital assets (Note 5) | 6,021 | 10,607 |
| | <u>\$ 189,761</u> | <u>\$ 260,314</u> |
| Liabilities and Net Assets | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities (Note 6) | \$ 14,711 | \$ 29,790 |
| Deferred workshop revenue | 600 | - |
| Deferred grants and contributions (Note 7) | 27,500 | 66,315 |
| | <u>42,811</u> | <u>96,105</u> |
| Canada Emergency Business Account loan (Note 8) | 40,000 | 40,000 |
| | <u>82,811</u> | <u>136,105</u> |
| Net assets: | | |
| Unrestricted | 46,930 | 59,603 |
| Invested in capital assets | 6,021 | 10,607 |
| Internally restricted (Note 9) | 53,999 | 53,999 |
| | <u>106,950</u> | <u>124,209</u> |
| Contingent liability (Note 8) | | |
| Commitment (Note 11) | | |
| | <u>\$ 189,761</u> | <u>\$ 260,314</u> |

See accompanying notes to financial statements.

APPROVED ON BEHALF OF THE BOARD:



Director



Director

STORYLINE FX INCORPORATED

Statement of Operations

Year ended June 30, 2022

| | 2022 | 2021 |
|--|-------------|-----------|
| Revenue: | | |
| Grants and contributions: | | |
| Federal | \$ 65,745 | \$ 64,845 |
| Provincial | 66,186 | 50,710 |
| Municipal | 25,740 | 25,740 |
| Other | - | 2,400 |
| Recognition of deferred capital contributions | - | 189 |
| | 157,671 | 143,884 |
| Fees and other revenue: | | |
| Workshops | 24,608 | 16,227 |
| Contract revenue | 32,000 | 28,700 |
| Corporate sponsorships | 10,800 | 9,500 |
| Festival | 9,028 | 7,874 |
| Donations | 2,298 | 717 |
| Interest income | 595 | 334 |
| Other revenue and recoveries | - | 200 |
| | 237,000 | 207,436 |
| Expenses: | | |
| Program (Schedule) | 46,382 | 33,810 |
| Human resources (Schedule) | 184,830 | 155,025 |
| Administration (Schedule) | 24,614 | 29,014 |
| | 255,826 | 217,849 |
| (Deficiency) of revenue over expenses before the following: | (18,826) | (10,413) |
| Other income: | | |
| Canada Emergency Wage Subsidy | 1,137 | 33,134 |
| Manitoba Bridge Grant | - | 20,000 |
| Forgivable portion of Canada Emergency Business Account loan (Note 8) | - | 20,000 |
| Manitoba Safe at Home Grant | - | 15,000 |
| The Winnipeg Foundation Stabilization Grant | - | 15,000 |
| Canada Emergency Rent Subsidy | 430 | 1,658 |
| | 1,567 | 104,792 |
| (Deficiency) excess of revenue over expenses for the year | \$ (17,259) | \$ 94,379 |

See accompanying notes to financial statements.

STORYLINE FX INCORPORATED

Statement of Changes in Net Assets

Year ended June 30, 2022

| | Unrestricted net assets | Invested in capital assets | Internally restricted net assets | Total 2022 | Total 2021 |
|--|----------------------------|----------------------------------|--|---------------|---------------|
| Net assets, beginning of year | \$ 59,603 | \$ 10,607 | \$ 53,999 | \$ 124,209 | \$ 29,830 |
| (Deficiency) excess excess of revenue over expenses | (12,673) | (4,586) | - | (17,259) | 94,379 |
| Net assets, end of year | \$ 46,930 | \$ 6,021 | \$ 53,999 | \$ 106,950 | \$ 124,209 |

See accompanying notes to financial statements.

STORYLINE FX INCORPORATED

Statement of Cash Flows

Year ended June 30, 2022

| | 2022 | 2021 |
|--|-------------|------------|
| Cash flow from (used in) | | |
| Operating activities: | | |
| (Deficiency) excess of revenue over expenses | \$ (17,259) | \$ 94,379 |
| Adjustments for: | | |
| Amortization expense | 4,586 | 3,844 |
| Recognition of deferred capital contributions | - | (189) |
| Forgivable portion of Canada Emergency Business Account loan | - | (20,000) |
| | (12,673) | 78,034 |
| Changes in the following: | | |
| Accounts receivable | 17,868 | (19,575) |
| Goods and services tax recoverable | (1,978) | (233) |
| Prepaid expenses | 1,235 | (798) |
| Accounts payable and accrued liabilities | (15,079) | 24,335 |
| Deferred revenue | 600 | - |
| Deferred grants and contributions | (38,815) | (2,285) |
| | (48,842) | 79,478 |
| Investing activities: | | |
| Capital asset additions | - | (7,377) |
| Financing activities: | | |
| Proceeds from Canada Emergency Business Account loan | - | 20,000 |
| Change in cash | (48,842) | 92,101 |
| Cash, beginning of year | 227,003 | 134,902 |
| Cash, end of year | \$ 178,161 | \$ 227,003 |

See accompanying notes to financial statements.

STORYLINE FX INCORPORATED

Notes to Financial Statements

Year ended June 30, 2022

1. Nature of organization

Storyline FX Incorporated (the "organization") is a not-for-profit organization incorporated without share capital under the laws of Manitoba. The organization's mission is to advance education in the media arts for children and young people through the provision of cultural and educational workshops, programs, film screenings and media projects in a multilingual environment. A major event in support of this mission is Freeze Frame, an international film festival held in Winnipeg, Manitoba each year.

The organization is a registered charity pursuant to *The Income Tax Act* (Canada) and is therefore exempt from income taxes.

2. Basis of accounting and summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations using the following significant accounting policies:

(a) Financial instruments

Measurement

The organization initially measures its financial assets and liabilities at fair value, except for certain financial instruments arising from transactions with related parties (non-arm's length transactions).

For financial instruments arising from arm's length transactions, the organization subsequently measures its financial assets and liabilities at amortized cost, except for any investments in equity instruments that are quoted in an active market and certain derivative instruments, which are subsequently measured at fair value. For any arm's length financial instruments subsequently measured at fair value, changes in fair value are recognized in the excess (deficiency) of revenue over expenses.

Financial instruments originated, acquired or assumed in a related party transaction are initially measured based on the nature of the financial instrument and may be either at fair value, cost or the cost of the consideration exchanged for the related party financial instrument, with subsequent measurement based on how the related party financial instrument was initially measured. Related party financial instruments initially measured at fair value include investments in equity instruments quoted in an active market, debt instruments quoted in an active market or when inputs significant to the determination of fair value are observable either directly or indirectly, or derivative contracts. All other related party financial instruments are initially measured at cost.

Transaction costs

For arm's length transactions, transaction costs for financial instruments subsequently measured at cost or amortized cost are added to the cost of the financial instrument; transaction costs for any financial instruments subsequently measured at fair value are expensed when incurred. For non-arm's length transactions, all transaction costs incurred on initial measurement of a related party financial instrument are recognized in the excess (deficiency) of revenue over expenses.

Impairment

For financial assets from both arm's length and non-arm's length transactions, financial assets measured at cost or amortized cost are tested for impairment when there are indicators of impairment with any impairment losses recognized in the excess (deficiency) of revenue over expenses.

STORYLINE FX INCORPORATED

Notes to Financial Statements

Year ended June 30, 2022

2. Basis of accounting and summary of significant accounting policies (continued)

(b) Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Capital assets are amortized over their estimated useful lives using the following rate and method:

| | <u>Rate</u> | <u>Method</u> |
|-------------------------------|-------------|---------------|
| Computer and visual equipment | 3 years | Straight-line |

(c) Impairment of capital assets

Capital assets are assessed for impairment when events or conditions indicate that an asset no longer contributes to the organization's ability to provide goods and services or that the value of future benefits or service potential associated with the asset may be less than its carrying value. An impairment loss is recognized when the carrying value of the asset exceeds its fair value or replacement cost as determined on an asset by asset basis. Any impairment losses are recognized in the excess (deficiency) of revenue over expenses in the period the impairment occurs. Impairment losses are not reversed.

(d) Revenue recognition

The organization follows the deferral method of accounting for grants and contributions. Externally restricted contributions are deferred and recognized as revenue in the year in which the related expenditures are incurred. Unrestricted and internally restricted contributions are recognized as revenue when received or receivable and when collection is reasonably assured.

Restricted contributions for the purchase of capital assets are deferred and recognized as revenue on the same basis as the amortization expense related to the acquired capital assets.

Revenue from workshops and the annual film festival is recognized on the accrual basis in the period the events occur and when collection is reasonably assured. Any amounts received in advance of the events are deferred on the statement of financial position.

Contract revenue is recognized on the accrual basis in accordance with the terms of the underlying contract/agreement and when collection is reasonably assured.

Corporate sponsorships are recognized on the accrual basis when the amounts involved can be readily determined and when collection is reasonably assured.

Donations, interest and any other revenue is recognized on the accrual basis when the amounts involved can be readily determined and when collection is reasonably assured.

(e) Contributed services and materials

The organization receives volunteer services and assistance in carrying out its service delivery activities. Contributed services are not recognized in the financial statements due to difficulties associated with the determination of fair value. Contributed materials used in the normal course of operations that would otherwise be purchased are recognized in the financial statements at fair value at the date of contribution when fair value can be readily determined, otherwise no amounts are recognized.

STORYLINE FX INCORPORATED

Notes to Financial Statements

Year ended June 30, 2022

2. Basis of accounting and summary of significant accounting policies (continued)

(f) Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. These estimates are reviewed periodically and adjustments are recognized in the excess (deficiency) of revenue over expenses in the period they become known. Actual results may differ from these estimates.

3. Available financing - operating line of credit

The organization has an operating line of credit available to a maximum of \$20,000 (2021 - \$20,000), bearing interest at the financial institution's prime rate plus 3.00% with any amounts used under this available line of credit due on demand. This line of credit is secured by a first charge over all assets of the organization and is supported by a general security agreement covering all assets and an assignment of property insurance. As at year end, no amounts were used under this available line of credit (2021 - \$nil).

4. Accounts receivable

| | 2022 | 2021 |
|------------------------------------|----------|-----------|
| Trade receivables - workshops | \$ 1,136 | \$ 1,605 |
| Contract revenue receivable | - | 12,700 |
| Grants and subsidies receivable | 741 | 2,940 |
| Sponsorships and other receivables | - | 2,500 |
| | \$ 1,877 | \$ 19,745 |

The organization did not incur any impairment losses or reversals of previously recognized impairment losses on its accounts receivable balances during the current or prior year. The carrying value of impaired accounts receivable at year end is \$nil (2021 - \$nil).

5. Capital assets

| | 2022 | | |
|-------------------------------|-----------|--------------------------|----------------|
| | Cost | Accumulated amortization | Net book value |
| Computer and visual equipment | \$ 88,417 | \$ 82,396 | \$ 6,021 |

| | 2021 | | |
|-------------------------------|-----------|--------------------------|----------------|
| | Cost | Accumulated amortization | Net book value |
| Computer and visual equipment | \$ 88,417 | \$ 77,810 | \$ 10,607 |

STORYLINE FX INCORPORATED

Notes to Financial Statements

Year ended June 30, 2022

6. Accounts payable and accrued liabilities

| | 2022 | 2021 |
|--|------------------|------------------|
| Trade payables and accrued liabilities | \$ 5,530 | \$ 12,718 |
| Government remittances payable | - | 9,548 |
| Accrued wages | 3,572 | 538 |
| Vacation pay | 5,609 | 4,465 |
| Grants and subsidies repayable | - | 2,521 |
| | \$ 14,711 | \$ 29,790 |

7. Deferred grants and contributions

Deferred grants and contributions relate to restricted funding received or receivable for which the related expenditures have not been incurred. Changes in deferred grants and contributions during the year are as follows:

| | Balance, beginning of year | Grants received/ receivable | Grants returned | Grants recognized | Balance, end of year |
|--|----------------------------------|-----------------------------------|--------------------|----------------------|----------------------------|
| <i>Federal:</i> | | | | | |
| Canadian Heritage - Canada Arts Presentation Fund Program | \$ 40,000 | \$ 4,000 | \$ - | \$(44,000) | \$ - |
| <i>Provincial:</i> | | | | | |
| <i>BEF:</i> | | | | | |
| - French Second Language Revitalization Program | 11,215 | 14,400 | (11,215) | (14,400) | - |
| <i>Manitoba Arts Council:</i> | | | | | |
| - Artists in Schools | 3,100 | 14,578 | - | (17,678) | - |
| - Arts and Culture Sustainability Funding | - | 10,000 | - | (5,000) | 5,000 |
| - Organizational Resilience | 2,000 | - | - | (2,000) | - |
| - 2022/23 Operating Grant | - | 12,500 | - | - | 12,500 |
| <i>Other:</i> | | | | | |
| Telus - Special Projects | 10,000 | - | - | - | 10,000 |
| | \$ 66,315 | \$ 55,478 | \$(11,215) | \$(83,078) | \$ 27,500 |

As at year end, amounts deferred from the Manitoba Arts Council includes \$5,000 relating to sustainability funding to help organizations in the arts and culture sector recover and adapt from the changes due to the COVID-19 pandemic as well as \$12,500 for operating funding for the year ending June 30, 2023 received prior to year end. Amounts deferred from Telus relate to amounts received in a prior year originally intended to be used for a series of video workshops for teens at risk which was deferred during the COVID-19 pandemic.

Amounts recognized as revenue during the year are included in total grants and contributions revenue on the statement of operations.

STORYLINE FX INCORPORATED

Notes to Financial Statements

Year ended June 30, 2022

8. Canada Emergency Business Account loan

The Canada Emergency Business Account loan is non-interest bearing with no principal payments required until December 31, 2025, at which time the loan must be repaid in full. If 66.67% of the initial proceeds of \$60,000, or \$40,000, is repaid prior to December 31, 2023, the remaining 33.33%, or \$20,000, will be forgiven; otherwise, the principal balance outstanding at December 31, 2023 is automatically converted to a term loan bearing interest at 5% with interest only payable monthly, maturing on December 31, 2025. Principal payments can be made at any time without fees or penalties.

9. Internally restricted net assets and transfers

During the year ended June 30, 2019, the Board of Directors clarified that the purpose of the internally restricted funds is to establish an emergency reserve fund for future operations with a minimum of \$200 annually to be transferred from any operating surplus to the reserve fund with a long term goal of establishing a reserve fund balance sufficient to cover one year of operations.

Based on the overall results for the year, the Board of Directors approved a transfer of \$nil (2021 - \$50,000) from unrestricted net assets to the internally restricted reserve fund. In addition, \$nil (2021 - \$62) was transferred during the year for a total transfer during the year of \$nil (2021 - \$50,062). As at June 30, 2022, the organization has total internally restricted net assets of \$53,999 (2021 - \$53,999).

10. Related party transactions

Included in total contract services expense for the year is \$12,300 (2021 - \$31,775) paid to a company owned by directors or their immediate family members.

All transactions with related parties are in the normal course of operations and are measured at the exchange amount, which is the amount agreed to by the related parties.

11. Commitment

The organization has entered into a premise lease with the Franco-Manitoban Cultural Centre which expires on March 31, 2023. Annual rent for the year ending June 30, 2023 is expected to be approximately \$7,900 (2022 actual - \$7,891).

12. Financial risks and concentrations of risk

Management is of the opinion that the organization is not exposed to any significant unusual or non-routine liquidity, credit, market, currency, interest rate or other price risks or concentrations of risk resulting from its financial instruments that are not readily determinable from information provided in these financial statements. The carrying amount of all secured financial liabilities as at June 30, 2022 is \$nil (2021 - \$nil).

STORYLINE FX INCORPORATED

Schedule of Expenses

Year ended June 30, 2022

Schedule

| | 2022 | 2021 |
|--|------------|------------|
| Program: | | |
| Advertising and marketing | \$ 5,580 | \$ 7,766 |
| Amortization of capital assets | 4,586 | 3,844 |
| Equipment expenses | - | 3,047 |
| Film and related expenses | 8,004 | 9,349 |
| On-line platform fees | 6,312 | 2,714 |
| Printing | 1,798 | 811 |
| Program rent | 3,057 | - |
| Promotion | 5,326 | 4,365 |
| Supplies | 1,204 | 856 |
| Travel and accommodations | 10,515 | 1,058 |
| | 46,382 | 33,810 |
| Human resources: | | |
| Contracted services | 60,765 | 46,889 |
| Salaries and benefits | 124,065 | 108,136 |
| | 184,830 | 155,025 |
| Administration: | | |
| Administration | - | 55 |
| Bank charges and interest | 356 | 736 |
| Insurance | 2,681 | 2,579 |
| Memberships | 656 | 826 |
| Office supplies | 678 | 1,677 |
| Office rent (Note 11) | 7,891 | 7,966 |
| Professional fees - accounting and legal | 10,964 | 13,834 |
| Telephone and internet | 1,388 | 1,341 |
| | 24,614 | 29,014 |
| | \$ 255,826 | \$ 217,849 |