

OUTSIDE LOOKING IN

FINANCIAL STATEMENTS

For the year ended June 30, 2019

OUTSIDE LOOKING IN

For the year ended June 30, 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Outside Looking In

Qualified Opinion

We have audited the financial statements of Outside Looking In (the 'Entity'), which comprise the statement of financial position as at June 30, 2019, and the statements of operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity 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 not-for-profit organizations, Outside Looking In derives revenue from the general public in the form of donations and other fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Entity. Therefore, we were not able to determine whether any adjustments might be necessary to donation and fundraising revenue, excess of revenues over expenses and cash flows from operations for the years ended June 30, 2019 and 2018, current assets as at June 30, 2019 and 2018, and net assets at July 1 and June 30 for both the 2019 and 2018 years. Our audit opinion on the financial statements for the year ended June 30, 2018 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of Financial Statements section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our 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 auditors' report that includes our 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, we exercise professional judgment and maintain professional skepticism throughout the audit. We 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 our 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 the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity 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.

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



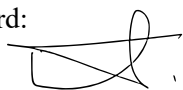
October 1, 2019
Brantford, Ontario

CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

OUTSIDE LOOKING IN
STATEMENT OF FINANCIAL POSITION

As at June 30	2019	2018
ASSETS		
Current Assets		
Cash and bank	225,793	250,407
HST recoverable	33,218	70,451
Accounts receivable	148,021	272,446
Prepaid expenses	17,323	100,000
Inventory	28,122	31,659
	452,477	724,963
Property, Plant and Equipment (Note 3)	12,534	7,552
	465,011	732,515
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	15,697	111,445
Government remittances payable	-	4,990
Deferred revenue (Note 5)	75,000	50,270
	90,697	166,705
NET ASSETS		
Unrestricted	374,314	565,810
	465,011	732,515

On behalf of the Board:



Director

Vanessa Smith

Director

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STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

For the year ended June 30	2019	2018
Revenue		
Government grants (Note 5)	559,165	1,285,905
In-Kind contributions	305,000	430,306
Community fees	275,000	225,000
Sponsorship	251,142	135,000
Donations	93,509	144,670
Ticket sales	27,288	12,580
Merchandise	10,517	19,539
Other income	659	91
	1,522,280	2,253,091
Expenses		
Program expenses (Page 5)	1,195,130	1,335,391
Administration expenses (Page 5)	518,646	363,174
	1,713,776	1,698,565
Excess of Expenses over Revenue	(191,496)	554,526
Net Assets, Beginning of Year	565,810	11,284
Net Assets, End of Year	374,314	565,810

See accompanying notes

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SCHEDULE OF EXPENSES

For the year ended June 30	2019	2018
Program Expenses		
In-kind program costs	251,142	409,236
Program manager fees	231,114	-
Travel	158,948	129,374
Venue and production costs	145,025	231,395
Future Leaders	143,521	191,846
Artists fees	111,721	104,215
Rent	98,075	139,679
Advertising and promotion	46,424	129,646
Office and general	9,160	-
	1,195,130	1,335,391
Administration Expenses		
Wages and benefits	246,710	80,655
Professional fees	46,475	35,205
Office and general	52,811	38,255
Rent	27,065	7,542
Advertising and promotion	13,110	86,610
Interest and bank charges	8,399	3,700
Telephone and internet	7,221	5,316
Repairs and maintenance	4,872	-
Insurance	3,971	4,716
Amortization	3,397	2,229
Subcontractor	100,839	70,074
Travel	2,134	25,403
Meals and entertainment	1,642	3,469
	518,646	363,174

See accompanying notes

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STATEMENT OF CASH FLOWS

For the year ended June 30	2019	2018
Cash Flows From Operating Activities		
Excess of expenses over revenue	(191,496)	554,526
Charges (credits) to income not involving cash		
Amortization	3,397	2,229
	(188,099)	556,755
Changes in non-cash working capital balances related to operations:		
HST recoverable	37,233	(24,175)
Inventory	3,537	(10,550)
Accounts receivable	124,425	(200,140)
Prepaid expenses	82,677	(95,000)
Accounts payable and government remittances payable	(100,738)	40,118
Deferred revenue	24,730	50,270
	(16,235)	317,278
Cash Flows From Financing Activities		
(Decrease)/Increase in bank indebtedness	-	(63,276)
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(8,379)	-
Proceeds on disposal of property, plant and equipment	-	(3,655)
	(8,379)	(3,655)
Net Decrease in Cash and Bank	(24,614)	250,347
Opening Cash and Bank	250,407	60
Closing Cash and Bank	225,793	250,407

See accompanying notes

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2019

1. PURPOSE AND STATUS OF THE ORGANIZATION

Outside Looking In (the "Organization") is continued under the Canada Not For Profit Corporations Act. The purpose of the Organization is to empower Indigenous youth through the arts and to educate Canadians on Indigenous people through their performances. The Organization is a registered charity exempt from income tax under the Income Tax Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Use of Estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The most significant estimates relate to the value of in-kind contributions. Actual results could differ from those estimates.

(b) Revenue Recognition

Outside Looking In follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when the amount is measurable and ultimate collection is reasonably assured. Restricted contributions are deferred until the period in which the related expenses are incurred. Revenue from ticket sales is recognized during the period the performance occurs, revenue from when the sale is made and the ticket is recognized when the product is sold to the customer.

(c) In-Kind Contributions

The Organization receives sponsorships in-kind from various contributors throughout the year. In-kind contributions are valued by the contributor and market value is agreed to by the Organization, based on the sponsorship provided, and included at the agreed upon rate on the statement of operations and changes in net assets.

(d) Contributed Services

Volunteers contribute time to assist the Organization in carrying out its art program. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

(e) Inventory

Inventory, primarily consisting of finished goods, is valued at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method.

(f) Cash and Bank Overdraft

Cash and bank overdraft consist of cash on hand, and cheques issued and outstanding.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Property, Plant and Equipment

Property, plant and equipment is stated at cost. Amortization is provided for in the accounts as follows:

Furniture and fixtures	20% declining balance
Computer equipment	30% declining balance

In the year of acquisition, amortization is provided for at one-half of the above rates. No amortization is provided for in the year of disposal.

3. PROPERTY, PLANT AND EQUIPMENT	Cost	Accumulated Amortization	2019	2018
Furniture and fixtures	5,319	4,314	1,005	1,256
Computer equipment	30,856	19,327	11,529	6,296
	36,175	23,641	12,534	7,552

4. CREDIT FACILITY

The Organization has a credit facility with TD Canada Trust with a maximum limit of \$10,000. Interest is charged by the lender at prime plus 4.25% per annum.

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For the year ended June 30, 2019

5. GRANTS	2019	2018
Canada Employment Insurance Commission	-	250,000
Ontario Arts Council	32,895	25,674
Toronto Arts Council	15,000	-
Canadian Heritage	-	110,005
Department of Indian Affairs and Northern Development	-	785,000
Government of Ontario	-	150,000
Government of Canada	405,000	-
Tachane Foundation	81,000	-
	533,895	1,320,679
Current year grant revenue deferred	-	(25,270)
Prior year deferred grant revenue applied	25,270	-
Prior year grant revenue not to be received	-	(9,504)
	559,165	1,285,905

Deferred revenue is comprised of deferred grant revenue of \$nil (2018 - \$25,270) and program fees for fiscal 2019 of \$75,000 (2018 - \$25,000) .

6. FINANCIAL INSTRUMENTS

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's risk exposures and concentrations at June 30, 2019.

Liquidity Risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting its obligations associated with financial liabilities. The Organization is, therefore, exposed to liquidity risk with respect to its cash and outstanding cheques, accounts payable and bank indebtedness. The Organization's ability to meet obligations depends on receipt of funds from various sources. In the opinion of management, the liquidity risk exposure to the Organization is not significant due to the increase in government funding acquired during the year.

Credit Risk

Credit risk arises as a result of the potential non-performance by counterparties of contract obligations which could lead to a financial loss to the Organization. The Organization's credit risk relates to its amounts receivable. In the opinion of management, the credit risk exposure to the Organization is not significant due to the nature of the amounts receivable.

7. COMPARATIVE FIGURES

Certain of the prior year's figures, provided for purposes of comparison, have been reclassified to conform with the current year's presentation.