

**OUTSIDE LOOKING IN**

**FINANCIAL STATEMENTS**

**For the year ended June 30, 2020**

# **OUTSIDE LOOKING IN**

**For the year ended June 30, 2020**

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
**Outside Looking In**

### **Opinion**

We have audited the financial statements of Outside Looking In (the 'Organization'), which comprise the statement of financial position as at June 30, 2020, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization 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 Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization 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 opinion.

### **Other Matter**

Our audit opinion on the financial statements for the year ended June 30, 2019 was modified with respect to revenue from the general public in the form of donations and other fundraising.

### **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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 Organization'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 Organization'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 Organization 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.



December 22, 2020  
Brantford, Ontario

CHARTERED PROFESSIONAL ACCOUNTANTS  
Licensed Public Accountants

# OUTSIDE LOOKING IN

## STATEMENT OF FINANCIAL POSITION

As at June 30	2020	2019
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and bank	734,417	225,793
HST recoverable	18,990	33,218
Accounts receivable	29,050	148,021
Government receivables	28,719	-
Prepaid expenses	19,009	17,323
Inventory	28,122	28,122
	858,307	452,477
<b>Property, Plant and Equipment</b> (Note 3)	12,042	12,534
	870,349	465,011
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	47,812	15,697
Deferred revenue	94,500	75,000
	142,312	90,697
<b>CEBA Loan</b> (Note 8)	40,000	-
	182,312	90,697
<b>NET ASSETS</b>		
Unrestricted	688,037	374,314
	870,349	465,011

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

## OUTSIDE LOOKING IN

### STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

For the year ended June 30	2020	2019
<b>Revenue</b>		
Community fees	535,500	275,000
Sponsorship	304,962	251,142
Donations	288,367	174,509
In-Kind contributions	78,808	305,000
Government Grants (Note 5)	30,263	478,165
Ticket sales	3,925	27,288
Merchandise	169	10,517
Other income	70,221	659
	1,312,215	1,522,280
<b>Expenses</b>		
Program expenses (Page 5)	589,371	1,195,130
Administration expenses (Page 5)	409,121	518,646
	998,492	1,713,776
<b>Excess of Revenue over Expenses</b>	313,723	(191,496)
<b>Net Assets, Beginning of Year</b>	374,314	565,810
<b>Net Assets, End of Year</b>	688,037	374,314

*See accompanying notes*

## OUTSIDE LOOKING IN

### SCHEDULE OF EXPENSES

For the year ended June 30	2020	2019
<b>Program Expenses</b>		
Program manager fees	227,771	231,114
Travel	163,565	158,948
Artists fees	108,750	111,721
Future Leaders	40,702	143,521
Venue and production costs	21,134	145,025
Advertising and promotion	19,613	46,424
Office and general	5,480	9,160
Rent	2,356	98,075
In-kind program costs	-	251,142
	589,371	1,195,130
<b>Administration Expenses</b>		
Wages and benefits	234,161	246,710
Office and general	40,567	52,811
Advertising and promotion	35,480	13,110
Professional fees	33,584	46,475
Rent	30,298	27,065
Travel	12,485	2,134
Insurance	4,305	3,971
Amortization	4,219	3,397
Interest and bank charges	4,129	8,399
Telephone and internet	3,896	7,221
Meals and entertainment	2,431	1,642
Subcontractor	2,211	100,839
Repairs and maintenance	1,355	4,872
	409,121	518,646

See accompanying notes

## OUTSIDE LOOKING IN

### STATEMENT OF CASH FLOWS

<b>For the year ended June 30</b>	<b>2020</b>	<b>2019</b>
<b>Cash Flows From Operating Activities</b>		
Excess of revenue over expenses	313,723	(191,496)
Charges (credits) to income not involving cash		
Amortization	4,219	3,397
	317,942	(188,099)
Changes in non-cash working capital balances related to operations:		
HST recoverable	14,228	37,233
Inventory	-	3,537
Accounts receivable	118,971	124,425
Prepaid expenses	(1,686)	82,677
Accounts payable and government remittances payable	32,115	(100,738)
Government receivables	(28,719)	-
Deferred revenue	19,500	24,730
	472,351	(16,235)
<b>Cash Flows From Financing Activities</b>		
CEBA loan	40,000	-
<b>Cash Flows From Investing Activities</b>		
Purchase of property, plant and equipment	(3,727)	(8,379)
<b>Net Increase in Cash and Bank</b>	<b>508,624</b>	<b>(24,614)</b>
<b>Opening Cash and Bank</b>	<b>225,793</b>	<b>250,407</b>
<b>Closing Cash and Bank</b>	<b>734,417</b>	<b>225,793</b>

*See accompanying notes*



# OUTSIDE LOOKING IN

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2020

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### 1. PURPOSE AND STATUS OF THE ORGANIZATION

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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

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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.

# OUTSIDE LOOKING IN

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2020

### 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	2020	2019
Furniture and fixtures	5,319	4,515	804	1,005
Computer equipment	34,583	23,345	11,238	11,529
	39,902	27,860	12,042	12,534

### 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.

5. GRANTS	2020	2019
Government of Canada	-	405,000
Ontario Arts Council	30,263	32,895
Toronto Arts Council	-	15,000
	30,263	452,895
Prior year deferred grant revenue applied	-	25,270
	30,263	478,165

## OUTSIDE LOOKING IN

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2020

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#### 6. FINANCIAL INSTRUMENTS

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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, 2020.

##### **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.

##### **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

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

## OUTSIDE LOOKING IN

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2020

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#### 8. COVID-19

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During and subsequent to year end, the Organization has been negatively impacted by the effects of the world-wide coronavirus pandemic. The Organization is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation.

The Organization closed its office on March 16, 2020 but staff continued to work remotely. As of the financial statement date the Organization has cancelled its lease for office rental space and all staff are working remotely. The Government of Ontario declared a State of Emergency in response to the coronavirus pandemic and prohibited organized indoor public events of over 50 people. As a result, the Organization was required to cancel its annual show at the Sony Centre planned for May 2020. This event represents a significant portion of the annual budget and expected cash flow. In response, the organization has adjusted its operations and is focusing on a virtual show for the foreseeable future.

During the year, the Organization received \$63,049 in government assistance in the form of the Canadian Emergency Wage Subsidy (CEWS). In order to receive the wage subsidy, the Organization had to meet certain terms and conditions and in particular had to have experienced an eligible reduction in revenue. The wage subsidy was recorded in other income presented in the income statement.

During the year, the Organization also received the Canadian Emergency Business Account (CEBA) Loan of \$40,000. The loan is interest free, and repaying the balance prior to December 31, 2022 will result in loan forgiveness of \$10,000.

As of the date of issuance of these financial statements, the full impact of the pandemic to the Organization's financial position is not known.