Outside Looking In
Financial Statements
June 30, 2023

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, 2023, and the statements of operations, changes in net assets (debt) 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, 2023, 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial statements, which indicates that the Organization incurred a deficiency of revenue over expenses of $540,280 (2022 - $538,063) during the year ended June 30, 2023 and, as of that date, the Organization's current liabilities were in excess of its current assets in the amount of $356,702 (2022 - current assets were in excess of current liabilities in the amount of $258,834) and had net debt of $311,210 (2022 - net assets of $229,070). As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Organization's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 the Organization's 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 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.

Auditor's 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 auditor's 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 auditor's 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 auditor's 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.

MNP LLP

Cambridge, Ontario — Chartered Professional Accountants

December 12, 2023 — Licensed Public Accountants

Outside Looking In
Statement of Financial Position
As at June 30, 2023

	2023	2022
Assets		
Current		
Cash	**142,261**	79,377
Investment *(Note 4)*	**30,000**	30,000
Accounts receivable *(Note 5)*	**296,766**	166,965
Prepaid expenses	**10,110**	11,958
Inventory *(Note 6)*	**756,070**	752,180
	1,235,207	1,040,480
Capital assets *(Note 7)*	**59,066**	49,627
	1,294,273	1,090,107
Liabilities		
Current		
Accounts payable and accrued liabilities	**366,780**	29,466
Deferred revenue	**1,165,129**	752,180
Current portion of long-term debt *(Note 8)*	**60,000**	-
	1,591,909	781,646
Long-term debt *(Note 8)*	**-**	60,000
Deferred contributions related to capital assets *(Note 9)*	**13,574**	19,391
	1,605,483	861,037
Net Assets (Debt)	**(311,210)**	229,070
	1,294,273	1,090,107

Approved on behalf of the Board of Directors

Director

Director

The accompanying notes are an integral part of these financial statements

Outside Looking In
Statement of Operations
For the year ended June 30, 2023

	2023	*2022*
Revenue		
Government grants	**170,069**	300
Community fees	**450,000**	260,000
Foundation grants	**105,191**	-
In-kind contributions	**1,496**	425,110
Donations	**1,135,519**	674,703
Other income	**570**	192,108
Sponsorship	**593,950**	560,000
Merchandise	**20,566**	6,422
Ticket sales	**26,536**	13,742
Amortization of deferred contributions related to capital assets	**5,817**	4,650
	2,509,714	2,137,035
Program expenses		
Advertising and promotion	**105,166**	62,914
Alumni program	**202,324**	120,093
Artists fees	**175,978**	57,203
Camps	**470,038**	184,259
Dance program	**400,234**	237,582
Entrepreneurship program	**132,196**	122,883
Founders scholarship	**19,221**	-
Future leaders	**220,566**	251,952
In-kind program costs	**1,496**	425,110
Office and general	**12,957**	33,236
Other events	**28,277**	-
Program evaluation	**1,689**	-
Rent	**-**	42,313
Rising stars program	**2,023**	57,923
Summer program	**2,199**	45,853
Travel	**16,069**	6,026
Venue and production costs	**479,014**	344,932
Work study program	**333**	150,937
	2,269,780	2,143,216
Administrative expenses		
Advertising and promotion	**46,876**	22,280
Amortization	**19,121**	13,078
Bank charges and interest	**6,055**	3,610
Insurance	**9,566**	9,205
Meals and entertainment	**5,549**	1,900
Office and general	**136,836**	109,519
Professional development	**4,841**	3,872
Professional fees	**54,027**	42,741
Rent	**54,034**	18,758
Telephone and internet	**4,846**	819
Travel	**18,730**	20,498
Wages and benefits	**419,733**	285,602
	780,214	531,882
Deficiency of revenue over expenses	**(540,280)**	(538,063)

The accompanying notes are an integral part of these financial statements

Outside Looking In
Statement of Changes in Net Assets (Debt)
For the year ended June 30, 2023

	2023	*2022*
Net assets beginning of year	**229,070**	767,133
Deficiency of revenue over expenses	**(540,280)**	(538,063)
Net assets (debt), end of year	**(311,210)**	229,070

The accompanying notes are an integral part of these financial statements

Outside Looking In
Statement of Cash Flows
For the year ended June 30, 2023

	2023	*2022*
Cash provided by (used for) the following activities		
Operating		
Deficiency of revenue over expenses	**(540,280)**	(538,063)
Amortization of capital assets	**19,121**	13,078
Amortization of deferred contributions related to capital assets	**(5,817)**	(4,650)
	(526,976)	(529,635)
Changes in working capital accounts		
Accounts receivable	**(129,801)**	(1,719)
Prepaid expenses	**1,848**	(9,410)
Inventory	**(3,890)**	323,419
Accounts payable and accrued liabilities	**337,314**	(4,673)
Deferred revenue	**412,949**	(404,720)
	91,444	(626,738)
Financing		
Deferred contributions related to capital assets	**-**	17,080
Investing		
Purchase of capital assets	**(28,560)**	(37,794)
Increase (decrease) in cash	**62,884**	(647,452)
Cash, beginning of year	**79,377**	726,829
Cash, end of year	**142,261**	79,377

The accompanying notes are an integral part of these financial statements

1. Incorporation and nature of the organization

Outside Looking In (the “Organization”) is continued under the Canada Not For Profit Corporations Act. The Organization is a registered charity under the Income Tax Act of Canada and accordingly is exempt from income taxes provided certain requirements of the Income Tax Act are met. The purpose of the Organization is to empower Indigenous youth through the arts and to educate Canadians on Indigenous people through their performances.

2. Going concern

These financial statements have been prepared on the basis of accounting principles applicable to a going concern. There is some doubt about the appropriateness of the use of the going concern assumption as the Organization has experienced a deficiency of revenue over expenses of $540,280 (2022 - $538,063) during the year ended June 30, 2023 and, as of that date, the Organization's current liabilities were in excess of its current assets in the amount of $356,702 (2022 - current assets were in excess of current liabilities in the amount of $258,834) and had net debt of $311,210 (2022 - net assets of $229,070).

The ability of the Organization to continue as a going concern and realize its assets and discharge its liabilities in the normal course of operations is dependent upon the continued support from various grants, community fees, donations, sponsorships, and on the ability to maintain profitable operations in the future.

These financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these financial statements, then adjustments would be necessary to the carrying amount of assets and liabilities, the reported revenues and expenses, and the financial position classifications.

3. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada, and include the following significant accounting policies:

Investment

Investment consists of a guaranteed investment certificate exceeding three months and is measured at amortized cost.

Inventory

Inventories held for distribution at no charge or for a nominal charge, or for consumption in the production process of goods to be distributed at no charge or for a nominal charge are recognized at the lower of cost and current replacement cost. Cost is determined by the first in, first out method.

Revenue recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions restricted for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets.

Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. When a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

Revenue from ticket sales is recognized during the period the performance occurs.

In-kind contributions

The Organization receives sponsorship 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.

3. Significant accounting policies *(Continued from previous page)*

Contributed materials and services

Contributions of materials are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials are used in the normal course of the Organization's operations and would otherwise have been purchased. Volunteers contribute time each year to enable the Organization to carry out its programs. Due to the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

Government assistance

Government assistance is recognized in the statement of operations on a systematic basis over the periods in which the Organization recognizes expenses as related costs for which funded expenses are incurred. Government assistance is recognized when there is reasonable assurance that the Organization will comply with the terms and conditions associated with the assistance and the assistance will be received.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution plus all costs directly attributable to the acquisition, if fair value can reasonably be determined. When fair value cannot be reasonably determined, capital assets are recorded at a nominal value.

Amortization is provided using the declining balance method at rates intended to amortize the cost of assets over their estimated useful lives. Amortization is not taken on capital assets until they are ready for their intended use.

Amortization is taken at one half of the below rates in the year of acquisition.

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

Deferred contributions related to capital assets

Deferred contributions related to capital assets represent the unamortized portion of contributed capital assets and restricted contributions that were used to purchase the Organization’s computer equipment and furniture and fixtures. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized.

Long-lived assets

Long-lived assets consist of capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Organization writes down long-lived assets held for use when conditions indicate that the asset no longer contributes to the Organization’s ability to provide goods and services. The assets are also written-down when the value of future economic benefits or service potential associated with the group of assets is less than its net carrying amount. When the Organization determines that a long-lived asset is impaired, its carrying amount is written down to the asset’s fair value.

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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for slow moving and obsolete inventory. Amortization is based on the estimated useful lives of capital assets. Accrued liabilities are based on management's expectation of amounts payable for goods and services for which invoices were not received prior to the year end. Repayment of funding is estimated at year end based on expected fulfillment of certain conditions stipulated within the relevant funding agreement.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in operations in the year in which they become known.

3. Significant accounting policies *(Continued from previous page)*

Financial instruments

The Organization recognizes financial instruments when the Organization becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm’s length transaction (“arm’s length financial instruments”) are initially recorded at their fair value.

At initial recognition, the Organization may irrevocably elect to subsequently measure any arm’s length financial instrument at fair value. The Organization has not made such an election during the year.

The Organization subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. With the exception of financial liabilities indexed to a measure of the Organization’s performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in deficiency of revenue over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Financial asset impairment

The Organization assesses impairment of all its financial assets measured at cost or amortized cost. The Organization groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group; there are numerous assets affected by the same factors; no asset is individually significant. Management considers whether the issuer is having significant financial difficulty whether there has been a breach in contract, such as a default or delinquency in interest or principal payments, in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

With the exception of related party debt instruments and related party equity instruments initially measured at cost, the Organization reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party debt instruments initially measured at cost, the Organization reduces the carrying amount of the asset (or group of assets), to the highest of: the undiscounted cash flows expected to be generated by holding the asset, or group of similar assets, excluding the interest and dividend payments of the instrument; the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party equity instruments initially measured at cost, the Organization reduces the carrying amount of the asset (or group of assets), to the amount that could be realized by selling the asset(s) at the statement of financial position date.

Any impairment, which is not considered temporary, is included in current year deficiency of revenue over expenses.

The Organization reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in deficiency of revenue over expenses in the year the reversal occurs.

4. Investment

The investment is held in the form of a Guaranteed Investment Certificate ("GIC"), bearing interest at 3.00% (2022 - 1.90%) and maturing June 30, 2024 (2022 - June 30, 2023).

5. Accounts receivable

	2023	*2022*
Canada Emergency Wage Subsidy (*Note* 10)	**-**	21,722
Other receivables	**220,765**	78,850
Harmonized sales tax recoverable	**76,001**	64,344
Canadian Emergency Rent Subsidy *(Note* 10)	**-**	2,049
	296,766	166,965

6. Inventory

The cost of inventories recognized as an expense and included in program expenses amounted to $Nil (2022 – $472,135).

7. Capital assets

	Cost	***Accumulated amortization***	***2023 Net book value***	*2022 Net book value*
Computer equipment	**120,233**	**61,578**	**58,655**	49,113
Furniture and fixtures	**5,319**	**4,908**	**411**	514
	125,552	**66,486**	**59,066**	49,627

8. Long-term debt

The Canada Emergency Business Account loan is unsecured, non-interest bearing until January 18, 2024 and has no specific terms of repayment. If the loan is repaid in full on or before January 18, 2024, up to $20,000 of the loan amount may be forgiven. On January 19, 2024, any remaining balance on the loan will automatically be renewed for a two year extended period ending December 31, 2026 at an interest rate of 5%.

9. Deferred contributions related to capital assets

Deferred contributions related to capital assets consist of the amortized amount of contributions and grants received for the purchase of capital assets. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized. Changes in deferred contributions are as follows:

	2023	*2022*
Balance, beginning of year	**19,391**	6,961
Additions	**-**	17,080
Less: amortization of deferred contributions	**(5,817)**	(4,650)
	13,574	19,391

10. Government assistance

In response to the negative economic impact of COVID-19, the Government of Canada announced the Canada Emergency Wage Subsidy ("CEWS") program in April 2020. The CEWS program provides a wage subsidy on eligible remuneration, subject to limits per employee, to eligible employers based on certain criteria, including demonstration of certain revenue declines as a result of COVID-19. The Organization has recognized a total of $nil (2022 - $182,484) of CEWS and has included it in other income on the statement of operations. At June 30, 2023, $nil (2022 - $21,722) is included in accounts receivable.

Additionally, the Government of Canada announced the Canada Emergency Rent Subsidy ("CERS") program in November 2020. The CERS program provides a rent subsidy on eligible rent and property expenses based on certain criteria, including demonstration of revenue declines as a result of COVID-19. The Organization has recognized a total of $nil (2022 - $9,458) of CERS and has included it in other income on the statement of operations. At June 30, 2023, $nil (2022 - $2,049) is included in accounts receivable.

11. Commitments

The Organization has entered into lease agreements for rental of premises expiring on various dates as late as October 2024. The aggregate estimated minimum annual lease payments for the next two years will become due as follows:

2024	61,687
2025	20,000

12. Financial instruments

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Liquidity risk

Liquidity risk is the risk that are the Organization will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk also includes the risk of the Organization not being able to liquidate its assets in a timely manner at a reasonable price. The Organizations ability to meet obligations depends on receipt of funds from various sources. The Organization meets its liquidity requirements by monitoring cash flows from operations, anticipating investing and financing activities and holding assets that can be readily converted into cash.