

**Manitoba Opera  
Association, Inc.**

**Financial Statements  
May 31, 2021**



## Independent auditor's report

To the Members of Manitoba Opera Association, Inc.

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### Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Manitoba Opera Association, Inc. (the Association) as at May 31, 2021 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.

#### What we have audited

The Association's financial statements comprise:

- the balance sheet as at May 31, 2021;
- the statement of operations and fund balances for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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### 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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### 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.

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\*PwC\* refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



In preparing the financial statements, management is responsible for assessing the Association'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 Association or to cease operations, or has no realistic alternative but to do so.

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

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### **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 Association'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 Association'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 Association 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.

*PricewaterhouseCoopers LLP*

Chartered Professional Accountants

Winnipeg, Manitoba  
July 14, 2021

# Manitoba Opera Association, Inc.

## Balance Sheet

As at May 31, 2021

			2021	2020
	Operating Fund	Operating Reserve Fund	Total	Total
	\$	\$	\$	\$
<b>Assets</b>				
<b>Current assets</b>				
Cash	696,826	-	696,826	305,706
Grants and other receivables (notes 4 and 9)	39,821	-	39,821	86,695
Prepaid expenses and deposits (note 5)	1,300	-	1,300	117,355
	737,947	-	737,947	509,756
<b>Due (to) from Operating Fund</b>	(451,459)	451,459	-	-
<b>Other assets</b>	-	-	-	9,500
	286,488	451,459	737,947	519,256
<b>Liabilities and Fund Balances</b>				
<b>Current liabilities</b>				
Accounts payable and accrued liabilities	60,620	-	60,620	13,823
Current portion of term loan	-	-	-	10,000
Deferred revenue (note 7)	160,868	-	160,868	483,648
	221,488	-	221,488	507,471
<b>Long-term debt (notes 8 and 9)</b>	60,000	-	60,000	-
	281,488	-	281,488	507,471
<b>Fund balances</b>				
Internally restricted	5,000	451,459	456,459	11,785
Unrestricted	-	-	-	-
	5,000	451,459	456,459	11,785
	286,488	451,459	737,947	519,256
<b>Commitments (note 13)</b>				

Approved by the Members of the Manitoba Opera Association, Inc.



Trustee



Trustee

The accompanying notes are an integral part of these financial statements.

# Manitoba Opera Association, Inc.

## Statement of Operations and Fund Balances

For the year ended May 31, 2021

			2021	2020
	Operating Fund	Operating Reserve Fund	Total	Total
	\$	\$	\$	\$
<b>Revenue</b>				
Grants				
Canada Council for the Arts	255,000	-	255,000	240,000
Manitoba Arts Council	220,000	-	220,000	220,000
Province of Manitoba	150,000	-	150,000	175,000
Winnipeg Arts Council	121,500	-	121,500	121,500
Other grants (note 9)	483,137	-	483,137	94,065
	1,229,637	-	1,229,637	850,565
Donations and fundraising (note 11)	505,995	-	505,995	614,715
Sponsorships	143,500	-	143,500	254,287
Box office (note 11)	21,673	-	21,673	215,679
Miscellaneous income	6,580	-	6,580	8,737
Investment income	-	-	-	28,514
	1,907,385	-	1,907,385	1,972,497
<b>Expenses</b>				
Administrative, fundraising and education (note 11)	721,095	-	721,095	513,569
Productions (note 11)	505,245	-	505,245	1,027,135
Publicity and promotions (note 11)	236,371	-	236,371	430,423
	1,462,711	-	1,462,711	1,971,127
<b>Excess of revenue over expenses for the year</b>	444,674	-	444,674	1,370
<b>Fund balance – Beginning of year</b>	-	11,785	11,785	52,814
<b>Transfer to the Opera Fund (note 12)</b>	-	-	-	(42,399)
<b>Allocation to Operating Reserve Fund</b>	(439,674)	439,674	-	-
<b>Fund balance – End of year</b>	5,000	451,459	456,459	11,785

The accompanying notes are an integral part of these financial statements.

# Manitoba Opera Association, Inc.

## Statement of Cash Flows

For the year ended May 31, 2021

	2021 \$	2020 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess of revenue over expenses for the year	444,674	1,370
Changes in non-cash working capital items	(103,554)	240,463
	<u>341,120</u>	<u>241,833</u>
<b>Investing activities</b>		
Transfer to the Opera fund (note 12)	-	(42,399)
<b>Financing activities</b>		
Issuance of long-term debt	60,000	-
Repayment of term loan	(10,000)	(10,000)
	<u>50,000</u>	<u>(10,000)</u>
<b>Increase in cash during the year</b>	391,120	189,434
<b>Cash excess – Beginning of year</b>	305,706	116,272
<b>Cash excess – End of year</b>	<u>696,826</u>	<u>305,706</u>
<b>Cash excess includes</b>		
Cash deposited in bank	770,316	350,718
Outstanding cheques issued	(73,490)	(45,012)
	<u>696,826</u>	<u>305,706</u>

The accompanying notes are an integral part of these financial statements.

# **Manitoba Opera Association, Inc.**

## **Notes to Financial Statements**

**May 31, 2021**

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### **1 Purpose of the organization**

Manitoba Opera Association, Inc. (the Association) is a not-for-profit organization, which produces and presents operas primarily within the Province of Manitoba. It is tax exempt under the provisions of the Income Tax Act of Canada.

### **2 Basis of presentation**

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

### **3 Summary of significant accounting policies**

#### **Fund accounting**

The accounts of the Association are maintained in accordance with the principles of fund accounting. Fund accounting is a procedure whereby a self-balancing group of accounts is provided for each accounting fund established by the Association. For financial reporting purposes, the accounts have been classified into two funds.

#### ***Operating Fund***

The Operating Fund accounts for the Association's general and administrative operating activities.

#### ***Operating Reserve Fund***

The Operating Reserve Fund has been established for the purposes of augmenting the Operating Fund in order to fulfill operating obligations and/or address financial obligations that may arise in the case of an emergency. Transfers or disbursements are approved by the Board of Trustees as required.

#### **Prepaid expenses**

Prepaid expenses represent disbursements that are related to the future performance season.

#### **Revenue recognition**

The Association follows the deferral method of accounting for revenue. Season ticket subscriptions, fundraising deposits, sponsorships, grants and donations received for the following production season are recorded as deferred revenue on the balance sheet and recognized as revenue in fiscal year to which they relate.

Restricted donations are recognized as revenue in the year in which the related expenses are incurred. Unrestricted donations are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.



# **Manitoba Opera Association, Inc.**

## **Notes to Financial Statements**

**May 31, 2021**

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Government grants are recorded as revenue in the year in which the funds are received.

Pledges are recognized as revenue in the year of pledge when collection is reasonably assured. A provision of doubtful collections, where necessary, is recorded to reflect collection risks.

### **Contributed services**

In the normal course of business, the Association receives in-kind contributions related to donated advertising, marketing and consulting services. These services are recorded at their fair value determined by the more reliably measurable of the fair value of the asset given up and the fair value of the asset received.

Volunteers contribute approximately 4,712 hours per year to assist the Association in its programs and activities. During 2020 due to the impact of COVID-19 restrictions on the Association, volunteers contributed 349 hours. Because of the difficulty of determining their fair value, contributed volunteer hours are not recognized in the financial statements.

### **Use of estimates**

The preparation of financial statements in conformity with Canadian ASNPO 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. Actual results could differ from those estimated.

The global economy has been negatively impacted by a novel coronavirus (COVID-19), which was declared a pandemic by the World Health Organization in March 2020. The continued spread of COVID-19 and the actions being taken to limit its spread have and may continue to have an impact on the Association's operations. This impact includes, but is not limited to, the cancellation or postponement of performances and fundraising events as a result of social distancing measures and the Association's ability to generate donations going forward as a result of a general downturn in the economy. There is also increased uncertainty around certain estimates including forecasting future cash flows and assessing the collectability of subscription receivables. The Association has applied for government assistance to help offset the impacts of COVID-19 on operations (note 9).

### **Financial instruments**

The Association initially measures its financial assets and financial liabilities at fair value and subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, grants and other receivables and prepaid expenses and deposits.

Financial liabilities measured at amortized cost, accounts payable and accrued liabilities and deferred revenue.

# Manitoba Opera Association, Inc.

## Notes to Financial Statements

May 31, 2021

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Financial assets are tested for impairment at the end of each reporting period when there are indicators that the assets may be impaired.

### 4 Grants and other receivables

	2021 \$	2020 \$
Canadian Emergency Wage Subsidy	21,247	19,355
Provincial Back-To-Work Subsidy	4,331	-
GST receivable	9,504	4,894
Pledges and subscriptions	2,964	57,528
Other	1,775	4,918
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	39,821	86,695

Included in donations and fundraising revenue are pledges totaling \$2,500 (2020 – \$47,940).

### 5 Prepaid expenses and deposits

	2021 \$	2020 \$
Office and travel	1,300	9,659
Promotion	-	2,222
Production	-	97,035
Fundraising deposits	-	8,439
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	1,300	117,355

### 6 Bank indebtedness

The Association has an operating line of credit with the Royal Bank of Canada (the Bank), due on demand, which the Association can draw upon to a maximum of \$250,000. The line of credit bears interest at the Bank prime rate plus 0.5%. As at May 31, 2021, the Association has not drawn on this facility.

As collateral for the bank indebtedness, the Association has provided the lender a general security agreement. The City of Winnipeg has guaranteed the bank indebtedness to a maximum of \$250,000.

# Manitoba Opera Association, Inc.

## Notes to Financial Statements

May 31, 2021

### 7 Deferred revenue

	2021 \$	2020 \$
Season and single tickets	34,766	157,478
Fundraising deposits for future periods	71,450	94,657
Grants for future periods	54,652	221,811
Other	-	9,702
	<u>160,868</u>	<u>483,648</u>

### 8 Long-term debt

	2021 \$	2020 \$
Canada Emergency Business Account loans, interest free and loan forgiveness up to 33% if repaid before December 31, 2022, principal payments not required	60,000	-
Less: Current Portion	-	-
	<u>60,000</u>	<u>-</u>

### 9 Government assistance

In response to COVID-19, various government programs have been announced to provide financial support for affected businesses. The most significant support measure which the Association qualified for is the Canada Emergency Wage Subsidy ("CEWS") under the COVID-19 Economic Response Plan in Canada. During the year ended May 31, 2021 the Association recognized wage subsidies totaling \$309,290 under this program, of which \$21,247 is receivable at year end (note 4). The subsidies received have no repayment requirements and are not subject to any employment covenants or guarantees. The subsidies are recorded as other grants in the statement of operations and fund balances.

The Association also recognized the following pandemic-related funding during the year:

	2021 \$
Safe at Home Manitoba Grant	15,000
Manitoba Bridge Grant	20,000
Back to Work in Manitoba Wage Subsidy Program	13,332
Canada Emergency Rent Subsidy	11,715
Canada Council pandemic funding	63,800
Winnipeg Foundation pandemic funding	50,000
	<u>173,847</u>

# **Manitoba Opera Association, Inc.**

## **Notes to Financial Statements**

**May 31, 2021**

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The above subsidies and grants are recorded as other grants in the statement of operations and fund balances. Of the \$173,847 other pandemic related funding, \$4,000 for the Back to Work in Manitoba Wage Subsidy Program is receivable at May 31, 2021 (note 4).

In addition, the Association also received \$60,000 in Canada Emergency Business Account loans (note 8).

### **10 Related party transactions**

Included in productions expense is artistic consulting paid to a related company owned by a member of management for \$42,384 (2020 – \$38,636). These transactions with related companies are in the normal course of operations and are recorded at the exchange amount, being the amount established and agreed upon by the related companies and the Association.

### **11 Non-monetary transaction**

In the normal course of operations, the Association exchanges tickets for its productions in consideration for various supplies and services. These transactions are accounted for at the fair value of the tickets provided. During the year, these transactions totaled \$nil (2020 – \$28,649) and such amount is included as box office revenue and administrative, fundraising and education expenses, production expenses and publicity and promotion expenses.

The Association also, in the normal course of operations, receives donations by way of services received but not charged. These transactions are accounted for at the fair value of the services provided. During the year, these transactions totaled \$nil (2020 – \$107,287) and such amount is included in sponsorships and fundraising revenue and production and publicity and promotion expenses.

### **12 The Manitoba Opera Fund**

The Winnipeg Foundation (the Foundation) has established The Manitoba Opera Fund (the Opera Fund), whose purpose is to grow over the years and provide support for the Association. The Association is the beneficiary of the net income earned by the Opera Fund, which is maintained and administered by the Foundation.

During the year, total contributions to the Opera Fund either made through the Association or contributed directly to the Foundation were \$230,549 (2020 – \$150,262). As at May 31, 2021, the Opera Fund has a balance of \$765,196 (2020 – \$450,303).

# Manitoba Opera Association, Inc.

## Notes to Financial Statements

May 31, 2021

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### 13 Commitments

The Association has entered into an agreement to lease equipment. Minimum payments are as follows:

	\$
2022	3,209
2023	3,209
2024	1,925

### 14 Financial instruments

#### Interest rate risk

Interest rate risk is the risk that arises from fluctuations in interest rates, and the degree of volatility of those rates. The Association is exposed to interest rate risk on the operating line of credit.

#### Credit risk

The Association, in the normal course of operations is exposed to credit risk from donors. The Association's financial assets that are exposed to credit risk consist primarily of pledges and other receivables. These receivables are short-term in nature and to a broad base of individuals and organizations whom the Association has dealt with for numerous years.