

Mariposa Folk Foundation
Financial Statements
For the Year Ended August 31, 2021

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Independent Auditors' Report

To the Board of Directors of Mariposa Folk Foundation

Qualified Opinion

We have audited the accompanying financial statements of Mariposa Folk Foundation, which comprise the statement of financial position as at August 31, 2021, and the statements of changes in net assets, revenue and expenditures, 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 effect of the matter described in the *Basis for Qualified Opinion* section of our report, the financial statements present fairly, in all material respects, the financial position of Mariposa Folk Foundation as at August 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.

Basis for Qualified Opinion

In common with many not-for-profit organizations, Mariposa Folk Foundation derives revenue from donations and special event activities, 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 Mariposa Folk Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to donations, Mariposa Folk Festival revenues, other concerts revenues, net surplus, and cash flows from operations for the years ended August 31, 2021 and 2021, current assets as at August 31, 2021 and 2021, and net assets as at September 1 and August 31 for both the August 31, 2021 and 2021 years. Our audit opinion on the financial statements for the year ended August 31, 2021 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 *Auditor's Responsibilities for the Audit of the 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 audit 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 related 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.

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 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 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 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.



Hehn Trickey Professional Corporation Chartered Professional Accountants

*Authorized to practise public accounting by
the Chartered Professional Accountants of Ontario*

Orillia, Ontario
January 27, 2022

Mariposa Folk Foundation
Statement of Financial Position
As at August 31, 2021

| | August 31 2021 | August 31 2020 |
|--|---------------------|---------------------|
| Assets | | |
| Current | | |
| Cash | \$ 295,221 | \$ 411,472 |
| Accounts receivable (Note 3) | 32,543 | 80,172 |
| Government receivables | 1,160 | 23,008 |
| Inventory | 30,027 | 30,824 |
| Prepaid expenses | 68,064 | 84,614 |
| | <u>427,015</u> | 630,090 |
| Long-term investments (Note 4) | 1,117,963 | 772,493 |
| Capital assets (Note 5) | <u>58,235</u> | 80,330 |
| | <u>\$ 1,603,213</u> | <u>\$ 1,482,913</u> |
| Liabilities and Net Assets | | |
| Current | | |
| Accounts payable and accrued liabilities | \$ 26,385 | \$ 29,031 |
| Deferred revenue and contributions (Note 6) | 229,325 | 272,344 |
| | <u>255,710</u> | 301,375 |
| Long-term debt (Note 7) | 40,000 | 30,000 |
| Deferred contributions related to capital assets (Note 8) | <u>7,031</u> | 9,844 |
| | <u>302,741</u> | 341,219 |
| Net Assets | | |
| Unrestricted | 131,305 | 298,715 |
| Invested in capital assets | 51,204 | 70,486 |
| Sustaining fund | 1,117,963 | 772,493 |
| | <u>1,300,472</u> | 1,141,694 |
| | <u>\$ 1,603,213</u> | <u>\$ 1,482,913</u> |

Approved by:

_____ President

_____ Treasurer

Mariposa Folk Foundation
Statement of Changes in Net Assets
For the Year Ended August 31, 2021

| | August 31 2021 | August 31 2020 |
|---|---------------------|---------------------|
| Unrestricted Net Assets | | |
| Balance, beginning of year | \$ 298,715 | \$ 291,560 |
| Net surplus for the year | 178,060 | 112,884 |
| Purchase of capital assets | - | (46,573) |
| Interfund transfer to sustaining fund for investment of funds | <u>(345,470)</u> | <u>(59,156)</u> |
| Balance, end of year | <u>\$ 131,305</u> | <u>\$ 298,715</u> |
| Net Assets Invested in Capital Assets | | |
| Balance, beginning of year | \$ 70,486 | \$ 47,636 |
| Net deficit for the year | (19,282) | (23,723) |
| Purchase of capital assets | - | 57,823 |
| Deferred capital asset funding received in the year | <u>-</u> | <u>(11,250)</u> |
| Balance, end of year | <u>\$ 51,204</u> | <u>\$ 70,486</u> |
| Sustaining Fund | | |
| Balance, beginning of year | \$ 772,493 | \$ 713,337 |
| Interfund transfer from unrestricted net assets for investment of funds | <u>345,470</u> | <u>59,156</u> |
| Balance, end of year | <u>\$ 1,117,963</u> | <u>\$ 772,493</u> |
| Summary of Net Assets | | |
| Balance, beginning of year | \$ 1,141,694 | \$ 1,052,533 |
| Net surplus for the year | <u>158,778</u> | <u>89,161</u> |
| Balance, end of year | <u>\$ 1,300,472</u> | <u>\$ 1,141,694</u> |

Mariposa Folk Foundation
Statement of Revenue and Expenditures
For the Year Ended August 31, 2021

| | August 31 2021 | August 31 2020 |
|---|-------------------|-------------------|
| Revenue | | |
| Mariposa Folk Festival (Schedule 1) | \$ 207,204 | \$ 288,048 |
| Other concerts - revenues | 6,994 | 14,438 |
| Amortization of deferred funding | 2,813 | 1,406 |
| Donations | 11,620 | 31,120 |
| Donations in kind - general (Note 11) | 3,000 | 2,000 |
| Grants - non-Festival (Note 10) | 4,488 | 8,027 |
| Memberships | 320 | 372 |
| | 236,439 | 345,411 |
| Expenditures | | |
| Mariposa Folk Festival (Schedule 1) | 98,663 | 148,492 |
| Other concerts - expenses | 26,852 | 37,429 |
| Amortization of capital assets | 22,095 | 15,822 |
| Bank charges and interest | 297 | 116 |
| Dues, fees and licences | 2,244 | 5,456 |
| General and office | 11,876 | 19,342 |
| Insurance | 7,884 | 10,615 |
| Professional fees | 11,315 | 8,315 |
| Rent and utilities | 15,852 | 16,020 |
| Wages and benefits | 76,845 | 74,004 |
| | 273,923 | 335,611 |
| Surplus (deficit) from operations | (37,484) | 9,800 |
| Other income | | |
| Loss on disposal of assets | - | (9,308) |
| Government assistance (Note 9) | 50,893 | 19,513 |
| Loan forgiveness (Note 7) | 10,000 | 10,000 |
| Sustaining fund earnings and market impact (Note 4) | 135,369 | 59,156 |
| | 196,262 | 79,361 |
| Net surplus for the year | \$ 158,778 | \$ 89,161 |
| Apportioned | | |
| Operations | \$ 178,060 | \$ 112,884 |
| Net assets invested in capital assets | (19,282) | (23,723) |
| | \$ 158,778 | \$ 89,161 |

Mariposa Folk Foundation
Statement of Cash Flows
For the Year Ended August 31, 2021

| | August 31 2021 | August 31 2020 |
|---|-------------------|-------------------|
| Cash flows from operating activities | | |
| Net surplus for the year | \$ 158,778 | \$ 89,161 |
| Items not involving cash | | |
| Amortization of deferred contributions | (2,813) | (1,406) |
| Amortization of capital assets | 22,095 | 15,822 |
| Loss on disposal of assets | - | 9,308 |
| Sustaining fund earnings and market impact (Note 4) | (135,369) | (59,156) |
| | <u>42,691</u> | 53,729 |
| Changes in non-cash working capital balances | | |
| Accounts receivable | 47,629 | 53,655 |
| Government liabilities receivable | 21,848 | 10,871 |
| Inventory | 797 | (12,414) |
| Prepaid expenses | 16,549 | (81,844) |
| Accounts payable and accrued liabilities | (2,645) | (52,117) |
| Deferred revenue | (43,020) | 272,145 |
| | <u>83,849</u> | 244,025 |
| Cash flows from investing activities | | |
| Purchase of capital assets | - | (57,823) |
| Purchase of investments | (210,100) | - |
| | <u>(210,100)</u> | (57,823) |
| Cash flows from financing activities | | |
| Additional long-term debt | 10,000 | 30,000 |
| Deferred contributions received - capital assets | - | 11,250 |
| | <u>10,000</u> | 41,250 |
| Increase (decrease) in cash and cash equivalents during the year | (116,251) | 227,452 |
| Cash and cash equivalents, beginning of year | 411,472 | 184,020 |
| Cash and cash equivalents, end of year | \$ 295,221 | \$ 411,472 |

The accompanying notes are an integral part of these financial statements

Mariposa Folk Foundation
Notes to Financial Statements
For the Year Ended August 31, 2021

1. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Nature of Organization

The Mariposa Folk Foundation is incorporated under the laws of Ontario by letters patent without share capital. The business of the organization is to be carried on without the purpose of gain for its members or directors and any profits or accretions to the corporation are to be used in promoting its objects. The organization is a registered charity under the Income Tax Act and is exempt from paying income tax. The organization is dedicated to the promotion and preservation of folk art in Canada through song, story, dance and craft.

Inventory

Inventory, consisting of CDs, records, clothing and other merchandise, is stated at the lower of cost and net realizable value. Cost is generally determined on a first-in, first-out basis.

Capital Assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is provided over the estimated useful lives of the assets as follows:

| | | |
|----------------------------|-------|---------------------|
| Buildings | - 10% | straight line basis |
| Equipment | - 20% | straight line basis |
| Furniture and fixtures | - 20% | straight line basis |
| Computer equipment | - 20% | straight line basis |
| Website and digital assets | - 25% | straight line basis |

Mariposa Folk Foundation
Notes to Financial Statements
For the Year Ended August 31, 2021

1. Significant Accounting Policies (continued)

Financial Instruments

Initial and subsequent measurement

The organization initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The organization subsequently measures all its financial assets and liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in the fair value of these financial instruments are recognized in net income in the period incurred.

Financial assets measured at cost or amortized cost include cash and accounts receivable.

Financial liabilities measured at cost or amortized cost include accounts payable and accrued liabilities and long-term debt.

Financial assets measured at fair value include long-term investments.

Impairment

For financial assets measured at cost or amortized cost, the organization determines whether there are indications of possible impairment. When there is an indication of impairment, and the organization determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Mariposa Folk Foundation
Notes to Financial Statements
For the Year Ended August 31, 2021

1. Significant Accounting Policies (continued)

Net Assets

Part of the organization's net assets have been internally restricted as approved by the organization's board of directors. Transfers among net assets classes are recorded when approved by the board of directors. The purpose of each class of net assets is as follows:

Net assets invested in capital assets: This is the organization's net investment in its capital assets.

Sustaining fund: The sustaining fund is an internally-restricted fund that was set up as part of the strategic plan to help ensure the sustainability of the organization in the future.

Revenue Recognition

The organization follows the deferral method of accounting for contributions. Contributions containing external restrictions as to their use are deferred until the conditions are fulfilled. Contributions that do not contain restrictions as to their use are recognized as revenue when received.

Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis over the useful life of the respective capital asset.

Ticket sales, other concert revenues and sponsorship revenues are recognized as revenue when the festival and concerts are held.

Crafts and merchandise, food and beverages, other event revenue and miscellaneous revenue are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Government assistance consists of wage subsidies and loan forgiveness. Wage subsidies are recognized in the year the related source deductions and wages are paid or payable, while loan forgiveness is recognized in the year the related loan proceeds are received.

Sustaining fund earnings and market impact revenue is recognized quarterly from the fund statements provided by The Community Foundation of Orillia and Area.

Mariposa Folk Foundation
Notes to Financial Statements
For the Year Ended August 31, 2021

**Contributed Materials
and Services**

Contributed materials and some contributed services which are used in the normal course of the organization's operations and would otherwise have been purchased are recorded at their fair value at the date of contribution if fair value can be reasonably estimated.

Cash Equivalents

Cash and cash equivalents consist of cash on hand and bank balances.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the reported amounts of revenues and expenses for the periods covered. The main estimates relate to the useful life of capital assets subject to amortization.

Mariposa Folk Foundation

Notes to Financial Statements

For the Year Ended August 31, 2021

2. Financial Instruments

The organization has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise from transacting financial instruments include credit risk, liquidity risk, market risk and currency risk.

(a) Credit risk:

The organization is exposed to credit risk with respect to accounts receivable and a portion of its long-term investments. The organization assesses, on a continuous basis, the accounts receivable on the basis of amounts it is virtually certain to receive. The organization uses a reputable third party to manage its long-term investments which are held in a large financial institution.

(b) Liquidity risk:

The organization's exposure to liquidity risk is dependent on the receipt of funds from its major funding sources and other related fundraising sources, whether in the form of grant revenue, fund raising or interest.

(c) Market risk:

A portion of the organization's investments in publicly-traded securities exposes the organization to price risks as equity investments are subject to price changes in an open market. The organization does not use derivative instruments to alter the effects of this risk.

(d) Currency risk:

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. A portion of the organization's cash is in US dollars and, consequently, cash in US dollars is exposed to foreign exchange fluctuations. As at August 31, 2021, cash totaling \$150,664 CDN (2020 - \$157,774 CDN) is denominated in US dollars and converted into Canadian dollars. The foreign exchange loss for the year ending August 31, 2021 is \$5,264 (2020 - \$3,559) which is included in artistic expenses on Schedule 1.

3. Accounts Receivable

| | <u>2021</u> | <u>2020</u> |
|------------------------------|------------------|------------------|
| Government grants receivable | \$ 7,405 | \$ 57,628 |
| Other receivables | 25,138 | 22,544 |
| | <u>\$ 32,543</u> | <u>\$ 80,172</u> |

Mariposa Folk Foundation
Notes to Financial Statements
For the Year Ended August 31, 2021

4. Long-term investments

| | <u>2021</u> | <u>2020</u> |
|---|---------------------|-------------------|
| Sustaining fund amounts invested with The Community Foundation of Orillia and Area (CFOA) | \$ 810,100 | \$ 600,000 |
| Cumulative CFOA held earnings and unrealized gains | <u>307,863</u> | <u>172,493</u> |
| | <u>\$ 1,117,963</u> | <u>\$ 772,493</u> |

The CFOA holds funds in trust for the Mariposa Folk Foundation in a pooled fund with other funds that are invested with Connor, Clark and Lunn. It reports the sustaining fund earnings and market impact quarterly.

The pooled investment fund at August 31, 2021 consists of fixed income, Canadian equity, Canadian income equity, global equity, alternative investments and hedge strategies. Sustaining fund earnings and market impact revenue includes dividend and interest income, realized investment gains and losses on the sale of investments and unrealized gains and losses on investments measured at fair value. As the organization's funds are pooled with CFOA's other funds, it is not possible to separate the realized investment income from its unrealized income.

The earnings and unrealized gains for the year were \$135,369 (2020 - \$59,156).

The amounts shown include an estimate of the earnings and unrealized gains (losses) from the third quarter of the calendar year to August 31, 2021 and 2020.

5. Capital Assets

| | <u>2021</u> | | <u>2020</u> | |
|----------------------------|-------------------|--------------------------|-------------------|--------------------------|
| | Cost | Accumulated Amortization | Cost | Accumulated Amortization |
| Buildings | \$ 21,761 | \$ 11,969 | \$ 21,761 | \$ 9,793 |
| Equipment | 93,599 | 87,831 | 93,599 | 85,087 |
| Furniture and fixtures | 3,483 | 3,483 | 3,483 | 3,483 |
| Computer equipment | 2,721 | 1,622 | 2,721 | 1,078 |
| Website and digital assets | 66,522 | 24,946 | 66,522 | 8,315 |
| | <u>\$ 188,086</u> | <u>\$ 129,851</u> | <u>\$ 188,086</u> | <u>\$ 107,756</u> |
| Net book value | | <u>\$ 58,235</u> | | <u>\$ 80,330</u> |

Mariposa Folk Foundation
Notes to Financial Statements
For the Year Ended August 31, 2021

6. Deferred Revenue and Contributions

| | <u>2021</u> | <u>2020</u> |
|---|------------------|------------------|
| Deferred contributions | | |
| Celebrate Ontario | | |
| Beginning balance | \$ 15,920 | \$ - |
| Amount received or receivable during the year | - | 62,500 |
| Amount spent during the year | <u>(15,920)</u> | <u>(46,580)</u> |
| | - | 15,920 |
| Ontario Arts Council | | |
| Beginning balance | 22,301 | - |
| Amount received or receivable during the year | 69,875 | 66,903 |
| Amount spent during the year | <u>(92,176)</u> | <u>(44,602)</u> |
| | - | 22,301 |
| Ontario Cultural Attractions Fund | | |
| Beginning balance | 35,000 | - |
| Amount received or receivable during the year | - | 50,000 |
| Amount repayable to funder | - | <u>(15,000)</u> |
| | <u>35,000</u> | 35,000 |
| Ontario Media Development Corporation | | |
| Beginning balance | 11,000 | - |
| Amount received or receivable during the year | - | 75,000 |
| Amount spent during the year | <u>(6,945)</u> | <u>(64,000)</u> |
| | <u>4,055</u> | 11,000 |
| Total deferred contributions | \$ 39,055 | \$ 84,221 |

Continued on Page 15

Mariposa Folk Foundation
Notes to Financial Statements
For the Year Ended August 31, 2021

6. Deferred Revenue and Contributions (continued)

Deferred revenue

Ticket revenue

| | | |
|--|----------------|----------------|
| Beginning balance | \$ 173,740 | \$ - |
| Amount received during the year | 24,192 | 173,740 |
| Amount recognized as donations during the year | (2,213) | - |
| Amount refunded during the year | (25,166) | - |
| | <u>170,553</u> | <u>173,740</u> |

Sponsorship revenues

| | | |
|--|---------------|---------------|
| Beginning balance | 14,383 | 200 |
| Amount received or receivable during the year | 8,034 | 14,183 |
| Amount recognized into revenue during the year | (1,750) | - |
| Amount refunded during the year | (950) | - |
| | <u>19,717</u> | <u>14,383</u> |

| | | |
|-------------------------------|----------------|----------------|
| Total deferred revenue | <u>190,270</u> | <u>188,123</u> |
|-------------------------------|----------------|----------------|

| | | |
|---|-------------------|-------------------|
| Total deferred revenue and contributions | <u>\$ 229,325</u> | <u>\$ 272,344</u> |
|---|-------------------|-------------------|

Mariposa Folk Foundation
Notes to Financial Statements
For the Year Ended August 31, 2021

7. Long-term Debt

| | <u>2021</u> | <u>2020</u> |
|--|------------------|------------------|
| Canada Emergency Business Account loan, interest free, maturing December 2023 | \$ 40,000 | \$ 30,000 |

The organization received a \$40,000 Canada Emergency Business Account (CEBA) loan in the prior year, \$10,000 of which is forgivable if the balance is repaid by December 2023. In the current year they received an additional \$20,000, \$10,000 of which is forgivable under similar terms. The forgivable portion of \$10,000 (2020 - \$10,000) was reported as revenue in the year received.

If the organization does not repay \$40,000 of the CEBA loan by December 2023, the balance owing will increase to \$60,000 as the organization will not receive the \$20,000 loan forgiveness and the loan will convert to a two-year term loan at 5% interest.

Principal payments required on long-term debt for the next three fiscal years are due as follows:

| Year | Amount |
|------|------------------|
| 2022 | \$ - |
| 2023 | - |
| 2024 | <u>40,000</u> |
| | \$ 40,000 |

8. Deferred Contributions Related to Capital Assets

Deferred contributions related to capital assets represent restricted grants which assisted in purchasing the organization's website.

| | <u>2021</u> | <u>2020</u> |
|--|-----------------|-----------------|
| Beginning balance | \$ 9,844 | \$ - |
| Add: Grant received for website and digital assets | - | 11,250 |
| Less: Amount amortized to revenue | (2,813) | (1,406) |
| | \$ 7,031 | \$ 9,844 |

Mariposa Folk Foundation
Notes to Financial Statements
For the Year Ended August 31, 2021

9. Government Assistance

During the year, the organization received the following government assistance to offset its wage and rent expenses:

| | <u>2021</u> | <u>2020</u> |
|----------------|------------------|------------------|
| Wage subsidies | \$ 40,536 | \$ 19,513 |
| Rent subsidies | 10,357 | - |
| | <u>\$ 50,893</u> | <u>\$ 19,513</u> |

The organization claimed \$40,536 (2020 - \$17,979) in Canada emergency wage subsidies, \$NIL (2020 - \$1,534) in temporary wage subsidies and \$10,357 (2020 - \$NIL) in Canada emergency rent subsidies during the year from the federal government. The Canada emergency wage subsidies and the temporary wage subsidies claimed are based on wages and source deductions paid and revenues earned during the qualifying periods. The Canada emergency rent subsidies claimed are based on commercial rent paid and revenues earned during the qualifying periods. There are no terms and conditions for repayment applicable to the government assistance.

Mariposa Folk Foundation
Notes to Financial Statements
For the Year Ended August 31, 2021

10. Grants

During the year, the organization received grant revenue as follows:

| | <u>2021</u> | <u>2020</u> |
|---|-------------------|-------------------|
| Mariposa Folk Festival (Schedule 1): | | |
| Canada Arts Presentation Fund | \$ 40,000 | \$ 56,250 |
| Canada Council for the Arts | - | 30,000 |
| Canadian Live Music Association/Kinaxis | 6,312 | - |
| Celebrate Ontario | 15,920 | 35,330 |
| City of Orillia | - | 50,000 |
| National Arts Centre | - | 2,630 |
| Ontario Arts Council | 92,176 | 44,602 |
| Ontario Creates (formerly Ontario Music Fund) | 6,945 | 64,000 |
| Province of Ontario Small Business Support | 40,000 | - |
| SOCAN Foundation | 3,500 | 3,500 |
| | <u>204,853</u> | <u>286,312</u> |
| Other Grants: | | |
| Canada Summer Jobs | 4,488 | 4,369 |
| Ontario Summer Experience | - | 3,658 |
| | <u>4,488</u> | <u>8,027</u> |
| | <u>\$ 209,341</u> | <u>\$ 294,339</u> |

11. Contributed Materials and Services

During the year, the organization received donations in kind as follows:

| | <u>2021</u> | <u>2020</u> |
|-------------------|-----------------|-----------------|
| Professional fees | <u>\$ 3,000</u> | <u>\$ 2,000</u> |

These donations have been recognized by management at their estimated fair market value on the financial statements.

Volunteers contribute a significant number of hours per year to assist the organization in carrying out its activities. Because of the difficulty in determining their fair value, these contributed services are not recognized in these financial statements.

Mariposa Folk Foundation
Notes to Financial Statements
For the Year Ended August 31, 2021

12. COVID-19

The outbreak of the Coronavirus pandemic ("COVID-19") has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruptions to businesses and organizations globally resulting in an economic slowdown. The duration and impact of the COVID-19 outbreak is unknown at this time, nor is the efficacy of the government and central bank monetary and fiscal interventions designed to stabilize economic conditions. As a result, it is not possible to reliably estimate the length and severity of these developments, nor the impact on the financial position and financial results of the organization in future periods.

13. Related Party Transactions

In accordance with Regulation 4.01 of the Charities' Accounting Act, the Board of the organization passed the requisite motions, and each director agreed in writing to approve the payment of an honorarium to a director. The organization has paid \$7,500 total in honorariums (2020 - \$5,000) to one of its directors for services rendered to the organization other than as a director. This transaction is included in the site, stage and sound production expenditures on Schedule 1 and is measured at the exchange amount, which is the amount of consideration established and agreed to by the Board.

14. Commitment

The organization has committed to a \$20,000 contribution to improve the J.B. Tudhope Memorial Park in the subsequent fiscal year. The organization has also leased premises to February 2024. The commitments for the next three years including the minimum annual lease payments are approximately as follows:

| Year | | Amount |
|-------------|----|---------------|
| 2022 | \$ | 31,400 |
| 2023 | | 11,400 |
| 2024 | | 6,650 |

Mariposa Folk Foundation
Schedule 1 - Mariposa Folk Festival
For the Year Ended August 31, 2021

| | August 31 2021 | August 31 2020 |
|--|---------------------------|-------------------|
| Revenue | | |
| Crafts and merchandise | \$ 2,351 | \$ 1,736 |
| Grants (Note 10) | 204,853 | 286,312 |
| | 207,204 | 288,048 |
| Expenditures | | |
| Crafts and merchandise | 1,509 | 8,535 |
| Food and beverages | - | 313 |
| Advertising and publicity | 26,038 | 56,590 |
| Artistic expenses (Note 2) | 19,516 | 26,865 |
| Site, stage and sound production (Note 13) | 50,669 | 53,469 |
| Sponsorship expense | - | 358 |
| Ticket costs and commissions | 931 | 2,097 |
| Volunteers' expense | - | 265 |
| | 98,663 | 148,492 |
| Net surplus for the year | \$ 108,541 | \$ 139,556 |