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**DANCER TRANSITION RESOURCE  
CENTRE**

**FINANCIAL STATEMENTS**

**AUGUST 31, 2018**

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## INDEPENDENT AUDITOR'S REPORT

To the Members,  
Dancer Transition Resource Centre

We have audited the accompanying financial statements of Dancer Transition Resource Centre which comprise the statement of financial position as at August 31, 2018, and the statements of operations and changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility 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.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### *Basis for Qualified Opinion*

In common with many not-for-profit organizations, the Centre derives revenue from membership, donation and fundraising revenue, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, verification of this revenue was limited to the amounts recorded in the records of the organization, and we were not able to determine whether any adjustments might be necessary to donation and fundraising revenue and excess of revenue over expenses for the year for the years ended August 31, 2018 and 2017, current assets as at August 31, 2018 and 2017, and net assets as at September 1, 2017 and 2016 and August 31, 2018 and 2017.

### *Qualified Opinion*

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Dancer Transition Resource Centre as at August 31, 2018, and the results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Cowperthwaite Mehta

Chartered Professional Accountants  
Licensed Public Accountants

December 12, 2018  
Toronto, Ontario


# DANCER TRANSITION RESOURCE CENTRE

## STATEMENT OF FINANCIAL POSITION

AS AT AUGUST 31, 2018

	2018	2017
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 443,626	\$ 762,882
Short-term investments	200,000	-
Sales taxes recoverable	7,607	11,941
Accounts receivable	12,700	17,187
Prepaid expenses	<u>1,982</u>	<u>2,523</u>
	665,915	794,533
<b>Property and equipment</b> (note 3)	70,365	49,900
<b>Long-term investments</b> (note 4)	<u>1,153,547</u>	<u>1,119,411</u>
	<u>\$ 1,889,827</u>	<u>\$ 1,963,844</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 67,040	\$ 67,022
Prepaid membership fees	14,895	6,835
Current portion of leasehold inducement	2,400	-
Deferred revenue (note 5)	110,418	203,763
Dancer grants payable	<u>407,417</u>	<u>394,174</u>
	602,170	671,794
<b>Leasehold inducement</b>	<u>7,200</u>	<u>12,000</u>
	<u>609,370</u>	<u>683,794</u>
<b>Net assets</b>		
Restricted (note 6)	235,082	246,423
Designated	733,171	733,171
Unrestricted	<u>312,204</u>	<u>300,456</u>
	<u>1,280,457</u>	<u>1,280,050</u>
	<u>\$ 1,889,827</u>	<u>\$ 1,963,844</u>

Approved on behalf of the Board:

 , Director

 , Director

see accompanying notes

# DANCER TRANSITION RESOURCE CENTRE

## STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED AUGUST 31, 2018

				2018	2017
	Restricted (note 6)	Designated	Unrestricted	Total	Total
<b>Net assets, beginning of year</b>	\$ 246,423	\$ 733,171	\$ 300,456	\$1,280,050	\$1,221,591
Excess of revenue over expenses	-	-	407	407	50,577
Program funding	(11,341)	-	11,341	-	-
Endowment Fund Investment income:					
Change in unrealized gains	-	-	-	-	5,767
Investment income	-	-	-	-	2,115
<b>Net assets, end of year</b>	<u>\$ 235,082</u>	<u>\$ 733,171</u>	<u>\$ 312,204</u>	<u>\$1,280,457</u>	<u>\$1,280,050</u>

see accompanying notes

# DANCER TRANSITION RESOURCE CENTRE

## STATEMENT OF OPERATIONS

FOR THE YEAR ENDED AUGUST 31, 2018

	<b>2018</b>	<b>2017</b>
<b>REVENUE</b>		
Grants (note 7)	\$ 727,373	\$ 764,593
Donations and fundraising (note 8)	211,391	250,357
Membership fees	96,483	80,732
Interest and other	49,763	56,135
LEAP conference fees	<u>-</u>	<u>14,039</u>
	<u>1,085,010</u>	<u>1,165,856</u>
<b>EXPENSES</b>		
<b>Programs and services</b>		
Dancer grants and awards	420,346	366,517
Regional programs and services	174,131	164,885
Dancers consulting services	136,284	146,974
Conferences and workshops	40,887	43,638
LEAP transition project	25,777	109,716
Communications and outreach	9,024	10,732
International projects	<u>2,167</u>	<u>4,685</u>
	<u>808,616</u>	<u>847,147</u>
<b>Administrative</b>		
Administration personnel	160,842	163,896
Office and general	41,142	34,941
Rent	26,559	38,299
Professional fees	11,754	9,645
Non-recoverable sales taxes	9,449	8,613
Fundraising	4,586	8,651
Marketing	3,693	4,087
Amortization	<u>17,962</u>	<u>-</u>
	<u>275,987</u>	<u>268,132</u>
Total operating expenses	<u>1,084,603</u>	<u>1,115,279</u>
<b>EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR</b>	<u>\$ 407</u>	<u>\$ 50,577</u>

see accompanying notes

# DANCER TRANSITION RESOURCE CENTRE

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED AUGUST 31, 2018

	2018	2017
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses for the year	\$ 407	\$ 50,577
Add (deduct) items not involving cash:		
Change in unrealized gains on long-term investments	(20,545)	-
Leasehold inducement	(2,400)	-
Amortization	17,962	-
Net change in non-cash working capital items	<u>(62,662)</u>	<u>(109,325)</u>
Total cash used in operating activities	<u>(67,238)</u>	<u>(58,748)</u>
<b>FINANCING ACTIVITIES</b>		
Increase in short-term investments	(200,000)	-
Increase in long-term investments	(13,591)	(53,221)
Increase in leasehold inducement	<u>-</u>	<u>12,000</u>
Total cash used in financing activities	<u>(213,591)</u>	<u>(41,221)</u>
<b>INVESTING ACTIVITIES</b>		
Investment income earned on Endowment fund	-	7,882
Purchase of capital assets	<u>(38,427)</u>	<u>(49,900)</u>
Cash generated from (used in) investing activities	<u>(38,427)</u>	<u>(42,018)</u>
<b>NET DECREASE IN CASH FOR THE YEAR</b>	(319,256)	(141,987)
Cash, beginning of year	<u>762,882</u>	<u>904,869</u>
<b>CASH, END OF YEAR</b>	<u><u>\$ 443,626</u></u>	<u><u>\$ 762,882</u></u>
 <b>Net change in non-cash working capital items:</b>		
Decrease in sales taxes recoverable	\$ 4,334	\$ 4,945
(Increase) decrease in accounts receivable	4,487	(13,103)
Decrease in prepaid expenses	541	12,266
Increase in accounts payable and accrued liabilities	18	49,924
Increase (decrease) in prepaid membership fees	8,060	(2,116)
Decrease in deferred revenue	(93,345)	(47,848)
Increase (decrease) in dancer grants payable	<u>13,243</u>	<u>(113,393)</u>
	<u><u>\$ (62,662)</u></u>	<u><u>\$ (109,325)</u></u>

see accompanying notes

# DANCER TRANSITION RESOURCE CENTRE

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2018

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Dancer Transition Resource Centre (the "Centre") was incorporated by letters patent as a not-for-profit organization under the Canada Corporations Act and was continued under the Canada Not-for-profit Corporations Act. The Centre is exempt from income tax in Canada as a registered national arts service organization which qualifies for tax-exempt status under subsection 149.1(6) of the Income Tax Act (Canada).

The mandate of the Centre is to help dancers make necessary transitions into, within and from professional performing careers.

Dancer Transition Resource Centre also operates as a resource centre for the dance community and the general public by providing seminars, educational materials, networking and information, as well as supporting activities that enhance the socio-economic conditions of artists.

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management is responsible for the preparation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations. Net assets of the Centre have been divided into three categories that reflect the following:

Restricted assets - Contributions restricted by donors. The capital is to be retained by the Centre in endowment funds or for named awards (see note 6).

Designated assets - Net assets designated by the Board of Directors to be held as a reserve to provide for future financial stability of the Centre and named awards. The investment income earned on designated funds is available for operations.

Unrestricted assets - The balance of net assets earned from operations.

Outlined below are those accounting policies considered particularly significant:

#### **Financial instruments**

Financial instruments include cash, accounts receivable, long-term investments and accounts payable and accrued liabilities.

Investments in bonds, securities and publicly traded limited partnerships are measured at quoted market prices. The cost of treasury bills and term deposits maturing within a year, plus accrued interest income, approximates the fair value of these instruments.

The carrying value of receivables and payables approximates their fair value because of the short-term nature of these instruments.

Accrued interest purchased in connection with bond and debenture acquisitions is charged against revenue on the date of acquisition. Stock dividends are recorded as dividend revenue equal to the fair market value of the stock at the date the stock is issued. Gains and losses on disposals of investments are calculated using average cost. Unrealized gains and losses are recognized as investment income when they arise. Transaction costs are expensed when incurred.

# DANCER TRANSITION RESOURCE CENTRE

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2018

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **Use of estimates**

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses. The most significant items where estimates are used are dancer grants payable and the useful life of property and equipment. Actual results could significantly differ from those estimated. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the period in which they become known.

#### **Property and equipment**

Furniture and equipment and leasehold improvements are recorded at cost. Amortization is provided annually at rates calculated to write-off the assets over their estimated useful lives as follows:

Leasehold improvements	-	5 years straight line
Furniture and equipment	-	3 years straight line

#### **Revenue recognition**

The principal sources of revenue and recognition of these revenues for financial statement purposes are as follows:

- i) The Centre follows the deferral method of revenue recognition. Restricted grants and donations related to current expenditures are reflected in the accounts as revenue in the current year. Restricted funding received in the year for expenses to be incurred in the following fiscal year is recorded as deferred revenue. Restricted funding related to the purchase of property and equipment is recorded as revenue in the same period the related assets are charged to operations.
- ii) Membership fees are recognized when received. Membership income clearly indicated for the next fiscal year is recorded as deferred revenue.
- iii) Fundraising and donation revenue is recorded when funds are received.
- iv) Interest income is recognized as earned. Realized and unrealized gains and losses are recognized as investment income when they arise. Related transaction costs are expensed as incurred.
- v) Conference fees and other earned revenue are recognized when service is provided.
- vi) Leasehold inducements are taken into income over the term of the lease.

#### **Expense recognition**

Expenses are recorded when goods or services are consumed. The full amount of all awards, including special awards, is recorded in the year the awards are granted.

Donated materials and services which are normally purchased by the Centre are not recorded in the accounts.



# DANCER TRANSITION RESOURCE CENTRE

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2018

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### 2. FINANCIAL RISKS

Financial instruments expose the Centre to risks which may affect the cash flows of the Centre. The following are those financial instruments considered particularly significant and their related financial risks:

- i) Grant revenue is supported by agreements which are monitored to minimize credit risk from uncollected revenue. The Centre's losses from credit have been minimal.
- ii) The investment portfolio's performance is exposed to interest rate and market risks. Investments which have a floating interest rate may be subject to unfavourable interest rate fluctuations. Those traded on public securities exchanges are subject to the fluctuation of market prices.

The investments are managed within a stated investment policy. In addition, the Centre performs annual reviews of its investment portfolio to evaluate the performance.

- iii) The Centre manages its liquidity risk by monitoring actual and projected cash flows to ensure that it will always have sufficient liquidity to meet its liabilities when due. The Centre expects to meet its financial obligations for accounts payable and accrued liabilities through cash flows from operations.

### 3. PROPERTY AND EQUIPMENT

Property and equipment, recorded at cost, are as follows:

	Cost	Accumulated Amortization	2018 Net	2017 Net
Leasehold improvements	\$ 86,109	\$ (17,222)	\$ 68,887	\$ 49,900
Furniture and equipment	<u>2,218</u>	<u>(740)</u>	<u>1,478</u>	<u>-</u>
	<u>\$ 88,327</u>	<u>\$ (17,962)</u>	<u>\$ 70,365</u>	<u>\$ 49,900</u>

### 4. LONG-TERM INVESTMENTS

Investments, which are recorded at market value on the accompanying statement of financial position, had the following values at October 31:

	2018		2017	
	Cost	Market Value	Cost	Market Value
Cash and short term investments	\$ 219,203	\$ 219,203	\$ 445,963	\$ 445,963
Canadian equities	562,500	579,135	234,635	246,143
Fixed income	<u>344,975</u>	<u>355,209</u>	<u>412,500</u>	<u>427,305</u>
	<u>\$ 1,126,678</u>	<u>\$ 1,153,547</u>	<u>\$ 1,093,098</u>	<u>\$ 1,119,411</u>

Investments held long-term cover the amounts set aside as restricted and designated net assets, including investment income earned and reinvested.

# DANCER TRANSITION RESOURCE CENTRE

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2018

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### 5. DEFERRED REVENUE

(a) Deferred revenue is composed of the following:

	2018	2017
Canada Council for the Arts		
- on the Move	\$ 7,000	\$ 21,000
- Workshops	2,500	2,500
Ontario Arts Council		
- Operating	53,808	50,873
- Compass	5,700	-
Department of Canadian Heritage	<u>8,910</u>	<u>55,390</u>
Deferred government funding	77,918	129,763
Scholarship contribution	20,000	38,000
on the MOVE corporate funding	10,000	10,000
LEAP Transition Project		
- Ontario Trillium Foundation	-	20,000
- Department of Canadian Heritage	-	3,500
- Corporate funding	<u>2,500</u>	<u>2,500</u>
Deferred revenue, end of year	<u>\$ 110,418</u>	<u>\$ 203,763</u>

The scholarship contribution represents a contribution from a donor's estate. The balance is drawn down when amounts are awarded.

The on the MOVE corporate donation is for specified programming to be completed in future periods.

(b) Continuity of deferred revenue for the year is as follows:

Deferred revenue, beginning of year	\$ 203,763	\$ 251,611
Add funds received from contributors	652,028	738,745
Less amounts taken into income:		
Grants (note 7)	(727,373)	(764,593)
Donations and fundraising contributions - Bequests	<u>(18,000)</u>	<u>(22,000)</u>
Deferred revenue, end of year	<u>\$ 110,418</u>	<u>\$ 203,763</u>

### 6. RESTRICTED NET ASSETS

In fiscal 2013, the Centre received an endowment to be held and invested in perpetuity as The Walter Carson Retraining Endowment Fund. Income from the fund is reinvested until disbursements are made from the income to support a dancer who qualifies for retraining. In 2018 the income earned on the fund was used for retraining awards.

Donor specified contributions for named awards are retained by the Centre if the principal cannot be spent. The investment income is taken into operations and used for the awards given in the donor's name.

# DANCER TRANSITION RESOURCE CENTRE

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2018

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### 7. GRANTS

Grant funding recognized in the year was as follows:

	2018	2017
Department of Canadian Heritage	\$ 603,500	\$ 600,000
Ontario Arts Council	49,473	33,600
Canada Council for the Arts	47,000	22,500
Ontario Trillium Foundation	21,400	104,493
Toronto Arts Council	<u>6,000</u>	<u>4,000</u>
	<u>\$ 727,373</u>	<u>\$ 764,593</u>

### 8. DONATIONS AND FUNDRAISING

Donations and fundraising revenue recognized in the year was as follows:

	2018	2017
Individuals	\$ 90,821	\$ 76,098
Foundations	24,700	30,625
Corporate	50,870	9,750
Named scholarships	27,000	27,000
Bequests	<u>18,000</u>	<u>106,884</u>
	<u>\$ 211,391</u>	<u>\$ 250,357</u>

### 9. COMMITMENTS

The organization entered into a five year lease agreement for new premises commencing September 1, 2017. Annual lease payments for 2019 are \$69,300. Rent will be adjusted annually to reflect changes in common area costs.

### 10. COST ALLOCATIONS

Staff do more than one function within the organization and their wages and benefits have been allocated based on the time devoted to each of these functions. Office costs are allocated based on estimated usage of space. These expenses have been allocated in the statement of operations as follows:

	Personnel	Rent/Office	2018 Total	2017 Total
Programs and services				
National	\$ 127,687	\$ 22,157	\$ 149,844	\$ 185,963
Regional	119,062	55,070	174,132	164,885
Administrative	<u>160,842</u>	<u>26,559</u>	<u>187,401</u>	<u>202,195</u>
	<u>\$ 407,591</u>	<u>\$ 103,786</u>	<u>\$ 511,377</u>	<u>\$ 553,043</u>

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