

**THE REMIX PROJECT**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2014**

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## INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE REMIX PROJECT

We have audited the accompanying financial statements of The Remix Project ("Remix"), which comprise the statement of financial position as at December 31, 2014, and the statements of operations and 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 similar organizations, Remix derives revenues from fund-raising events and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of Remix and we are not able to determine whether any adjustments might be necessary to revenues, excess (deficiency) of revenues over expenses, assets and net assets.

### **Qualified Opinion**

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, if any, these financial statements present fairly, in all material respects, the financial position of The Remix Project as at December 31, 2014 and its financial performance and its cash flows for the year ended in accordance with Canadian accounting standards for not-for-profit organizations.

### **Emphasis of Matter**

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates that Remix relies on continued financial support from its funders for its operations. These conditions indicate that existence of a material uncertainty that may cast significant doubt about Remix's ability to continue as a going concern.

### **Report on Other Legal and Regulatory Requirements**

In accordance with Canada Not-for-Profit Corporations Act, we report that the Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

*Clarke Henning LLP*

CHARTERED ACCOUNTANTS  
Licensed Public Accountants

Toronto, Ontario  
July 30, 2015

**THE REMIX PROJECT**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2014**

	2014	2013
<b>ASSETS</b>		
Current assets		
Cash	\$ -	\$ 80,033
Accounts receivable	34,978	5,895
Prepaid expenses and deposits	15,519	16,777
	<b>50,497</b>	102,705
Property and equipment ( <i>note 2</i> )	26,242	25,755
	<b>76,739</b>	128,460
<b>LIABILITIES</b>		
Current liabilities		
Bank indebtedness ( <i>note 5</i> )	677	-
Accounts payable and accrued liabilities	26,511	36,798
Deferred revenue	60,000	115,288
	<b>87,188</b>	152,086
<b>NET ASSETS</b>	<b>(10,449)</b>	<b>(23,626)</b>
	<b>\$ 76,739</b>	<b>\$ 128,460</b>

Approved on behalf of the Board:

\_\_\_\_\_, Director      \_\_\_\_\_, Director

# THE REMIX PROJECT

## STATEMENT OF OPERATIONS AND NET ASSETS

YEAR ENDED DECEMBER 31, 2014

	Year Ended December 31, 2014	Period From April 1, 2013 to December 31, 2013
Revenues		
Contributions and grants <i>(note 3)</i>	\$ 665,713	\$ 458,829
Donations and fund-raising	292,874	245,842
Other revenues	35,552	56,289
	<b>994,139</b>	760,960
Expenses		
Salaries and benefits	608,854	488,542
City Life film project	34,258	64,522
Depreciation	14,882	10,942
General administration	132,672	78,533
Insurance	5,486	4,649
Professional fees	8,902	9,387
Telephone	3,027	1,669
Travel	6,363	9,372
Occupancy costs	166,518	113,052
	<b>980,962</b>	780,668
Excess (deficiency) of revenues over expenses for the year	13,177	(19,708)
Net assets - at beginning of year	(23,626)	(3,918)
Net assets - at end of year	<b>\$ (10,449)</b>	<b>\$ (23,626)</b>

# THE REMIX PROJECT

## STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2014

	Year Ended December 31, 2014	Period From April 1, 2013 to December 31, 2013
Cash flows from operating activities		
Cash received from United Way of Greater Toronto	\$ 69,645	\$ 15,000
Cash received from Ontario Arts Council	40,000	40,000
Cash received from City of Toronto	193,042	11,462
Cash received from Ontario Trillium Foundation	156,000	156,000
Other contributions and grants received	226,738	220,405
Cash received from donations, fund-raising and other	253,426	375,131
Cash paid to employees and suppliers	(1,004,192)	(763,972)
	(65,341)	54,026
Cash flows from investing activity		
Purchase of property and equipment	(15,369)	-
Change in cash during the year	(80,710)	54,026
Cash - at beginning of year	80,033	26,007
Cash (bank indebtedness) - at end of year	\$ (677)	\$ 80,033

# THE REMIX PROJECT

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

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The Remix Project ("Remix") was created in order to help level the playing field for young people from disadvantaged, marginalized and under served communities. Remix's programs and services serve youth who are trying to enter into the creative industries or further their formal education. The Remix Project provides top-notch alternative, creative, educational programs, facilitators and facilities. Remix's mission is to help refine the raw talents of young people from across the Greater Toronto Area in order to help them find success as participants define it and on their own terms.

Remix's vision is to become an internationally recognized destination for recruiters from post-secondary institutions and corporations looking for fresh and exciting young talent and leaders.

Remix is a not-for-profit organization incorporated without share capital under the laws of Canada. Remix is also registered with Canada Revenue Agency as a charitable organization under the Income Tax Act (Canada), and as such, it generally is exempt from income taxes.

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *Basis of Presentation*

These financial statements have been prepared using Canadian accounting standards for not-for-profit organizations with the assumption that Remix will be able to realize its assets and discharge its liabilities in the normal course of business as a going concern. Remix depends on the continued financial support from its funders in order to continue as a going concern.

These financial statements have been prepared using Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

#### *Financial Assets and Liabilities*

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

Financial assets and liabilities measured at amortized cost include cash, accounts receivable, bank indebtedness and accounts payable and accrued liabilities.

#### *Property and Equipment*

Property and equipment are recorded at cost and depreciated over their estimated useful lives on a straight line basis at the following annual rates:

Computer equipment and software	- 25%
Musical instruments	- 20%
Leasehold improvements	- over the term of the lease

The above rates are reviewed annually to ensure they are appropriate. Any changes are adjusted for on a prospective basis. If there is an indication that the assets may be impaired, an impairment test is performed that compares carrying amount to net recoverable amount. There were no impairment indicators in 2014.

**THE REMIX PROJECT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2014**

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

*Revenue Recognition*

*Contributions*

Remix follows the deferral method of accounting for contributions which include donations, grants and other contributions. Operating grants are recorded as revenue in the period in which the related expenses are incurred. Grants approved, but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

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.

*Fund-Raising Revenues and Expenses*

Revenues and expenses from fund-raising events are recorded in the period in which the event takes place.

*Donations*

Donations and bequests are recorded when received. Donated goods are not recorded in the accounts, except when they are used in the normal course of business and when a fair value for such goods can be readily determined.

*Other*

Interest and other income are recognized as earned or when services are performed.

*Contributed Services*

Volunteers contribute significant amounts of time to assist Remix in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

*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, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from these and other estimates, the impact of which would be recorded in future periods.

**THE REMIX PROJECT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2014**

**2. PROPERTY AND EQUIPMENT**

Details of property and equipment are as follows:

	<i>Cost</i>	<i>Accumulated Depreciation</i>	<i>Net Book Value</i>	
			<i>2014</i>	<i>2013</i>
Computer equipment and software	\$ 41,474	\$ 32,668	\$ 8,806	\$ 4,557
Musical instruments	12,581	10,102	2,479	4,401
Leasehold improvements	40,246	25,289	14,957	16,797
	<b>\$ 94,301</b>	<b>\$ 68,059</b>	<b>\$ 26,242</b>	<b>\$ 25,755</b>

**3. CONTRIBUTIONS AND GRANTS**

Details of contributions and grants are as follows:

	<i>Year Ended December 31, 2014</i>	<i>Period From April 1, 2013 to December 31, 2013</i>
	United Way of Greater Toronto	\$ 69,645
City Life Film project	19,000	15,000
Ontario Arts Council	10,000	30,000
Ontario Trillium Foundation	156,000	156,000
City of Toronto	193,042	11,462
Laidlaw Foundation	54,774	68,526
Slaight Foundation	75,000	75,000
Toronto Arts Council	13,050	1,950
Toronto Music Board	18,732	25,000
Youth Enterprise fund	12,564	37,691
Other	43,906	23,200
	<b>\$ 665,713</b>	<b>\$ 458,829</b>

**4. LEASE COMMITMENT**

Remix has entered into a lease for office premises at 2 Pardee Avenue, Toronto, Ontario which expires on March 31, 2017. The annual minimum lease payments due under this lease are as follows:

Fiscal year	2015	\$ 81,396
	2016	85,153
	2017	21,601

In addition to the minimum rent, Remix is required to pay its proportionate share of realty taxes and operating costs of the premises, which for the 2015 year are approximately \$83,000.

# THE REMIX PROJECT

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

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### 5. CREDIT FACILITIES

Remix has a credit facility with TD Canada Trust in the amount of \$25,000 as a business line of credit (revolving by overdraft). The line of credit bears interest at bank prime rate plus 4.25% per annum and the interest is payable monthly. This credit facility is secured by an agreement covering all assets and undertakings of Remix. The balance on the line of credit as at December 31, 2014 is \$NIL (2013 - \$NIL).

### 6. FINANCIAL INSTRUMENTS AND RISK EXPOSURE

Remix is exposed to various risks through its financial instruments. The following analysis provides a measure of Remix's risk exposure at the statement of financial position date.

#### *Credit Risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Remix's main credit risks relate to accounts receivable. Remix is not exposed to significant credit risk.

#### *Liquidity Risk*

Liquidity risk is the risk that Remix will encounter difficulty in meeting obligations associated with financial liabilities. Remix is exposed to this risk mainly in respect of its bank indebtedness, accounts payable and accrued liabilities and commitments. Remix expects to meet these obligations as they come due by generating sufficient cash flow from operations.

#### *Market Risk*

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. Remix is not exposed to significant currency, other price or interest rate risks.

### 7. GUARANTEES AND INDEMNITIES

Remix has indemnified its past, present and future directors and officers against expenses (including legal expense), judgments and any amount actually or reasonably incurred by them in connection with any action, suit or proceeding, subject to certain restrictions in which they are sued as a result of their involvement with Remix, if they acted honestly and in good faith with a view to the best interests of Remix. The nature of the indemnity prevents Remix from reasonably estimating the maximum financial exposure. Remix has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits and actions.

In the normal course of business, Remix has entered into agreements that include indemnities in favour of third parties, either express or implied, such as in service contracts, lease agreements or sales and purchase contracts. In these agreements, Remix agrees to indemnify the counterparties in certain circumstances against losses or liabilities arising from the acts or omissions of Remix. The terms of these indemnities are not explicitly defined and the maximum amount of any potential liability cannot be reasonably estimated.