

DUSK DANCES INC.

Financial Statements

December 31, 2015

DUSK DANCES INC.
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Year Ended December 31, 2015

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INDEPENDENT AUDITOR'S REPORT

To the Members of Dusk Dances Inc.

We have audited the accompanying financial statements of Dusk Dances Inc., which comprise the statement of financial position as at December 31, 2015 and the statements of operations and changes in net deficiency 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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Dusk Dances Inc. as at December 31, 2015 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.

Other Matter

The financial statements of Dusk Dances Inc. for the year ended December 31, 2014 were audited by another auditor whose report thereon, dated May 28, 2015, expressed an unqualified opinion on those statements.

Hogg, Shain & Scheck PC

Toronto, Ontario
May 24, 2016

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

DUSK DANCES INC.
Statement of Financial Position
December 31, 2015

| | 2015 | 2014 |
|--|------------------|------------------|
| ASSETS | | |
| CURRENT | | |
| Cash | \$ 14,813 | \$ 14,581 |
| Accounts receivable | 122 | 4,223 |
| Harmonized sales tax recoverable | 11,757 | 19,022 |
| Prepaid expenses | 1,090 | 1,447 |
| | \$ 27,782 | \$ 39,273 |
| LIABILITIES AND NET DEFICIENCY | | |
| CURRENT | | |
| Accounts payable and accrued liabilities | \$ 10,770 | \$ 16,438 |
| Deferred revenues <i>(Note 3)</i> | 41,500 | 51,000 |
| | 52,270 | 67,438 |
| UNRESTRICTED NET DEFICIENCY | (24,488) | (28,165) |
| | \$ 27,782 | \$ 39,273 |

APPROVED ON BEHALF OF THE BOARD

_____ *Director*

_____ *Director*

See the accompanying notes to these financial statements

DUSK DANCES INC.
Statement of Operations and Changes in Net Deficiency
Year Ended December 31, 2015

| | 2015 | 2014 |
|---|---------------------------|---------------------------|
| REVENUES | | |
| Government grants <i>(Note 4)</i> | \$ 153,834 | \$ 233,697 |
| Earned revenues: | | |
| Licensing | 38,500 | 31,200 |
| Box office | 19,166 | 19,564 |
| Performance fees | 14,990 | 19,601 |
| Merchandise | 1,777 | 3,729 |
| Advertising | 1,710 | 1,800 |
| Fundraising: | | |
| Individual donations | 7,085 | 16,447 |
| Foundations | 5,000 | 2,500 |
| Corporate donations and sponsorships | 3,720 | 1,000 |
| Other | - | 612 |
| | <u>245,782</u> | <u>330,150</u> |
| EXPENSES | | |
| Artistic and technical fees | 135,399 | 180,659 |
| Administrative | 47,989 | 50,187 |
| Production | 39,274 | 54,212 |
| Marketing and communications | 17,960 | 41,949 |
| Fundraising | 758 | 2,171 |
| Education and outreach | 725 | - |
| Amortization of capital assets | - | 523 |
| | <u>242,105</u> | <u>329,701</u> |
| EXCESS OF REVENUES OVER EXPENSES | \$ 3,677 | \$ 449 |
| NET DEFICIENCY - BEGINNING OF YEAR | (28,165) | (28,614) |
| NET DEFICIENCY - END OF YEAR | <u>\$(24,488)</u> | <u>\$(28,165)</u> |

See the accompanying notes to these financial statements

DUSK DANCES INC.
Statement of Cash Flows
Year Ended December 31, 2015

| | 2015 | 2014 |
|---|------------------|------------------|
| OPERATING ACTIVITIES | | |
| Excess of revenues over expenses | \$ 3,677 | \$ 449 |
| Items not affecting cash: | | |
| Amortization of capital assets | - | 523 |
| Amortization of deferred capital asset grants | - | (474) |
| | <u>3,677</u> | <u>498</u> |
| Changes in non-cash working capital: | | |
| Accounts receivable | 4,101 | 5,417 |
| Harmonized sales tax recoverable | 7,265 | (19,022) |
| Prepaid expenses | 357 | 1,226 |
| Accounts payable and accrued liabilities | (5,668) | 4,730 |
| Deferred revenues | (9,500) | (2,500) |
| | <u>(3,445)</u> | <u>(10,149)</u> |
| INCREASE (DECREASE) IN CASH FLOWS | 232 | (9,651) |
| CASH - BEGINNING OF YEAR | <u>14,581</u> | <u>24,232</u> |
| CASH - END OF YEAR | <u>\$ 14,813</u> | <u>\$ 14,581</u> |

See the accompanying notes to these financial statements

DUSK DANCES INC.
Notes to Financial Statements
Year Ended December 31, 2015

1. ORGANIZATION

Dusk Dances Inc. ("Dusk Dances") is a not-for-profit organization incorporated without share capital in the province of Ontario. Dusk Dances is a registered charity and is exempt from income tax.

Dusk Dances produces outdoor dance festivals during the summer months.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements are the representation of management and have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in *Part III of the CPA Canada Handbook* and include the following significant accounting policies.

Revenue recognition

Dusk Dances follows the deferral method of accounting for contributions. Restricted contributions, including government grants, are recognized as revenues in the year in which the related activity occurs and expenditures are incurred. Unrestricted contributions are recognized as revenues, provided that contributions receivable can be reasonably estimated and collection is reasonably assured.

Earned revenues, including box office sales, licensing and performance fees and other earned revenues, are recognized at the time of the performance.

Financial instruments

Dusk Dances initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost.

The financial assets subsequently measured at amortized cost include cash and accounts receivable. The financial liabilities measured at amortized cost include accounts payable.

The fair value of Dusk Dances' financial instruments approximates their carrying value due to the short term to maturity of the financial instruments.

Measurement uncertainty

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 at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

DUSK DANCES INC.
Notes to Financial Statements
Year Ended December 31, 2015

3. DEFERRED GRANTS

Deferred operating and project grants are as follows:

| | <u>2015</u> | <u>2014</u> |
|--------------------------------------|------------------|------------------|
| Ontario Arts Council: | | |
| Operating grant | \$ 28,500 | \$ 30,000 |
| Touring grant | 3,000 | 21,000 |
| Compass grant | - | - |
| Toronto Arts Council - Project grant | <u>10,000</u> | <u>-</u> |
| | <u>\$ 41,500</u> | <u>\$ 51,000</u> |

4. GRANTS REVENUES

Revenues from government grants recognized during the year are as follows:

| | <u>2015</u> | <u>2014</u> |
|---|-------------------|-------------------|
| Canada Council for the Arts | \$ 23,834 | \$ 23,500 |
| Canadian Heritage | 45,000 | 50,000 |
| Ontario Arts Council | 54,000 | 66,500 |
| Ontario Ministry of Tourism, Culture and Sport | - | 42,223 |
| Ontario Trillium Foundation - Amortization of deferred capital asset grant portion | - | 474 |
| Toronto Arts Council | <u>31,000</u> | <u>51,000</u> |
| | <u>\$ 153,834</u> | <u>\$ 233,697</u> |
