
COLEMAN, LEMIEUX & COMPAGNIE

FINANCIAL STATEMENTS

JUNE 30, 2015

INDEPENDENT AUDITOR'S REPORT

To the Members,
Coleman, Lemieux & Compagnie

We have audited the accompanying financial statements of Coleman, Lemieux & Compagnie which comprise the statement of financial position as at June 30, 2015 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 organization derives revenue from sponsorship, donations 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, excess of revenue over expenses for the year, assets and net assets.

INDEPENDENT AUDITOR'S REPORT - continued

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 Coleman, Lemieux & Compagnie as at June 30, 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.

Courauthwite Mehta

Chartered Accountants
Licensed Public Accountants

October 20, 2015
Toronto, Ontario

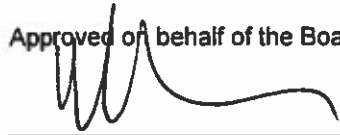
COLEMAN, LEMIEUX & COMPAGNIE

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2015

	2015	2014
ASSETS		
Current assets		
Accounts receivable from governments	\$ 9,252	\$ 18,485
Other accounts receivable	<u>5,610</u>	<u>1,419</u>
	14,862	19,904
Capital assets (notes 3 and 6)	<u>3,000,813</u>	<u>1,692,636</u>
	<u>\$ 3,015,675</u>	<u>\$ 1,712,540</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Bank overdraft	\$ 10,847	\$ 59,082
Bank line of credit (note 4)	78,750	97,500
Accounts payable and accrued liabilities	16,152	13,285
Amounts payable to governments	5,917	3,981
Advances from Co-Artistic Directors (note 6)	20,260	31,527
Deferred revenue (note 5)	<u>118,844</u>	<u>27,750</u>
	250,770	233,125
Long-term loan payable (note 7)	584,622	483,533
Deferred capital funding (note 8)	<u>1,828,790</u>	<u>766,913</u>
	<u>2,664,182</u>	<u>1,483,571</u>
Net assets		
Restricted	15,000	10,000
Unrestricted	<u>336,493</u>	<u>218,969</u>
	<u>351,493</u>	<u>228,969</u>
	<u>\$ 3,015,675</u>	<u>\$ 1,712,540</u>

Approved on behalf of the Board:


_____, Director


_____, Director

see accompanying notes

COLEMAN, LEMIEUX & COMPAGNIE**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS**

FOR THE YEAR ENDED JUNE 30, 2015

	2015	2014
REVENUE		
Sponsorship, donations and fundraising	\$ 414,560	\$ 509,754
Government funding (note)	193,641	159,265
Performance fees	93,171	58,952
Capital grants recognized (note 8)	72,800	62,300
Rental income	59,777	67,430
Artistic fees	<u>39,220</u>	<u>11,596</u>
	<u>873,169</u>	<u>869,297</u>
PRODUCTION EXPENSES		
Fees (note 6)	292,089	276,438
Touring and presenting	45,464	23,323
Creative	19,518	50,524
Amortization	<u>174,100</u>	<u>138,100</u>
Total production expenses	<u>531,171</u>	<u>488,385</u>
Excess of revenue over production expenses	<u>341,998</u>	<u>380,912</u>
ADMINISTRATION EXPENSES		
Occupancy (note 6)	74,795	69,335
Personnel	54,348	44,783
Interest and service charges	31,452	28,941
Office and general	30,011	10,136
Advertising and promotion	20,679	29,914
Fundraising	2,615	4,100
Insurance	<u>5,574</u>	<u>6,893</u>
Total administration expenses	<u>219,474</u>	<u>194,102</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	122,524	186,810
Net assets, beginning of year	<u>228,969</u>	<u>42,159</u>
NET ASSETS, END OF YEAR	<u>\$ 351,493</u>	<u>\$ 228,969</u>

see accompanying notes

COLEMAN, LEMIEUX & COMPAGNIE**STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED JUNE 30, 2015**

	2015	2014
OPERATIONS		
Excess of revenue over expenses for the year	\$ 122,524	\$ 186,810
Amortization of capital assets	174,100	138,100
Capital funding recognized in year	(72,800)	(62,300)
Net change in non-cash working capital items (see below)	<u>100,939</u>	<u>(4,272)</u>
Net cash generated from operations	<u>324,763</u>	<u>258,338</u>
FINANCING		
Draw down (repayment) of bank line of credit	(18,750)	2,500
Advances from Co-Artistic Directors, net (note 6)	(11,267)	3,215
Cash loan repayments, net	<u>(246,511)</u>	<u>(253,601)</u>
Net cash used for financing activities	<u>(276,528)</u>	<u>(247,886)</u>
NET CASH GENERATED IN THE YEAR	48,235	10,452
Bank overdraft, beginning of year	<u>(59,082)</u>	<u>(69,534)</u>
BANK OVERDRAFT, END OF YEAR	<u>\$ (10,847)</u>	<u>\$ (59,082)</u>

Net change in non-cash working capital items:

Decrease (increase) in current assets-		
Accounts receivable	\$ (4,191)	\$ (1,419)
Accounts receivable from governments	9,233	(6,236)
Increase (decrease) in current liabilities-		
Accounts payable and accrued liabilities	4,803	(13,867)
Deferred revenue	<u>91,094</u>	<u>17,250</u>
	<u>\$ 100,939</u>	<u>\$ (4,272)</u>

see accompanying notes

COLEMAN, LEMIEUX & COMPAGNIE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

Coleman, Lemieux & Compagnie (CLC) is incorporated under the Canada Corporations Act as a non-share capital corporation. CLC is exempt from income tax in Canada as a registered charitable organization under the Income Tax Act (Canada).

CLC creates, produces and presents works locally, nationally and internationally. CLC is managed by Bill Coleman and Laurence Lemieux, who have worked together since 1991 and lead CLC as Co-Artistic Directors. CLC undertakes projects of artistic excellence with a compassionate community voice. Its mandate is to take a high quality artistic experience to the people often in out of the way, culturally deprived places. CLC aims to be a dynamic force in Canadian dance based on the artistic vision and accomplishments of the Co-Artistic Directors.

1. SIGNIFICANT ACCOUNTING POLICIES

Management is responsible for the preparation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations. Outlined below are those policies considered particularly significant:

Revenue recognition

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

- i) Performance related revenue comprises ticket sales, individual performance sponsorships and guest artist fees earned. Performance related revenue is recognized in the period the performances or the guest artist services are performed.
- ii) CLC follows the deferral method of revenue recognition for contributions. Donations, organization sponsorships and other unrestricted amounts received in the year are recorded as revenue in the current year. Donor-designated contributions related to expenses of future periods are deferred and recognized as revenue in the period in which the related expenses are incurred. Donated materials and services which are normally purchased by CLC are not recorded in the accounts.
- iii) Government assistance related to current expenditures is recognized as revenue in the current year. Grants received in the year for expenses to be incurred in the following year are recorded as deferred revenue. Assistance related to the purchase of property and equipment is recorded as revenue in the same period the related capital assets are charged to operations.

Capital assets

Capital assets are recorded at cost. Amortization is provided annually at rates calculated to write-off the assets over their estimated useful lives. Amortization of building and leasehold improvements commences in the month the space becomes operational. Rates charged, all on a straight-line basis, are as follows:

Building	- 20 years
Dance studio leasehold improvements	- 15 years
Equipment	- 10 years

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, specifically in the estimation of the period over which the building, dance studio leasehold improvements and other capital assets are charged to operations. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the period in which they become known.

COLEMAN, LEMIEUX & COMPAGNIE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

2. FINANCIAL INSTRUMENTS AND RELATED FINANCIAL RISKS

The organization's financial instruments include cash, accounts receivable, bank overdraft, bank line of credit, loans payable and accounts payable and accrued liabilities. Financial instruments are initially recorded at fair value and subsequently measured at amortized cost net of any provisions for impairment.

The organization expects to meet its financial obligations for payment of the bank overdraft, bank line of credit, loans payable and accounts payable and accrued liabilities through sponsorship, donations and fundraising and net cash generated from operations.

It is management's opinion that the organization's financial instruments are not exposed to significant financial risks.

3. CAPITAL ASSETS

Capital assets, recorded at cost, are as follows:

	Cost	Accumulated Amortization	2015 Net	2014 Net
Building (see note 6)	\$ 1,500,000	\$ (46,300)	\$ 1,453,700	\$ 52,092
Theatre equipment	93,135	(31,100)	62,035	71,335
Leasehold improvements	<u>1,906,238</u>	<u>(421,160)</u>	<u>1,485,078</u>	<u>1,569,209</u>
	<u>\$ 3,499,373</u>	<u>\$ (498,560)</u>	<u>\$ 3,000,813</u>	<u>\$ 1,692,636</u>

4. BANK LINE OF CREDIT

CLC has a bank line of credit of \$100,000. Bank indebtedness is payable on demand and bears interest at 3% over the bank prime rate, currently 6% per annum in total. At June 30, 2015, \$78,750 of this line was drawn down (at June 30, 2014, \$97,500 was drawn down).

5. DEFERRED REVENUE

Deferred operating revenue is composed of the following:

	2015	2014
Heritage Canada	\$ 118,844	\$
City of Toronto - Culture Builds Program		22,500
Prepaid studio rent and performance fees		<u>5,250</u>
Deferred revenue, end of year	<u>\$ 118,844</u>	<u>\$ 27,750</u>

6. RELATED PARTY TRANSACTIONS

Transactions with Co-Artistic Directors

In December 2014 the Co-Artistic Directors donated 75% of the Citadel, a building at 304 Parliament Street in downtown Toronto, to CLC for \$1,500,000, being 75% of the appraised value of the building at that date. In addition, CLC assumed 75% of the outstanding mortgage on the property at the date of the transfer being \$355,000. The Co-Artistic Directors received donation receipts for the net value of transferred amount of \$1,145,000.

COLEMAN, LEMIEUX & COMPAGNIE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

6. RELATED PARTY TRANSACTIONS (continued)

The Co-Artistic Directors are founders, employees and ex-officio Directors of CLC. In 2015 and 2014 the Co-Artistic Directors received the following payments, all of which were made under terms and conditions agreed between the Co-Artistic Directors and CLC's Board of Directors, and which were recorded at exchange value which is not necessarily fair value.

	2015	2014
Fees charged for artistic direction, choreography and administrative management (included in production expenses - fees)	\$ 72,000	\$ 73,600
Dance studio rental	<u>30,000</u>	<u>30,000</u>
	<u>\$ 102,000</u>	<u>\$ 103,600</u>

CLC leased studio space and administrative offices in the Citadel from the co-artistic directors to December 2014 for \$30,000 per year (\$15,000 rent charged in fiscal 2015) plus CLC's share of the utilities expense. The rental charge, based upon advice from a third party real estate firm, was slightly below the market rate for rentals of similar properties, and was approved by the Board of Directors.

Amounts due to the Co-Artistic Directors are unsecured, have no fixed date for repayment and are non-interest bearing.

7. LONG-TERM LOAN PAYABLE

The loan to CLC from a principal donor has no fixed repayment terms and bears a rate of interest at approximately 3.5%. The lender has stated that no principal repayments will be required before July 1, 2016.

Transactions in the loan account during the year were as follows:

	2015	2014
Long-term loan payable, beginning of year	\$ 483,533	\$ 737,134
Mortgage assumed (note 6)	355,000	
Interest incurred	23,569	19,393
Principal and interest payments	<u>(277,480)</u>	<u>(272,994)</u>
Long-term loan payable, end of year	<u>\$ 584,622</u>	<u>\$ 483,533</u>

8. DEFERRED CAPITAL FUNDING

Continuity of deferred capital funding for the year is as follows:

	2015	2014
Deferred capital funding, beginning of year	\$ 766,913	\$ 829,213
Capital funding donations received	1,134,677	
Capital funding recognized	<u>(72,800)</u>	<u>(62,300)</u>
Deferred capital funding, end of year	<u>\$ 1,828,790</u>	<u>\$ 766,913</u>

COLEMAN, LEMIEUX & COMPAGNIE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

9. NET ASSETS INVESTED IN CAPITAL ASSETS

	2015	2014
Amounts invested in capital assets are as follows:		
Capital assets (notes 3 and 6)	\$ 3,000,813	\$ 1,692,636
Long-term loan payable (note 7)	(584,622)	(483,533)
Deferred capital funding (note 8)	<u>(1,828,790)</u>	<u>(766,913)</u>
Net assets invested in capital assets	<u>\$ 587,401</u>	<u>\$ 442,190</u>

10. GOVERNMENT FUNDING

Government funding recognized in the year was as follows:

	2015	2014
Canada Council for the Arts		
Operating	\$ 81,000	\$ 75,000
Touring	11,524	
Other	6,292	
Heritage Canada -		
Veteran's Affairs - travel funding		5,000
Ontario Arts Council		
Operating	50,000	50,000
Compass and Ontario Dances	4,825	4,265
Toronto Arts Council	<u>40,000</u>	<u>25,000</u>
	<u>\$ 193,641</u>	<u>\$ 159,265</u>