

**Diaspora Dialogues
Charitable Society**

**Financial Statements
December 31, 2014**



June 15, 2015

Independent Auditor's Report

**To the Members of
Diaspora Dialogues Charitable Society**

We have audited the accompanying financial statements of Diaspora Dialogues Charitable Society, which comprise the balance sheet as at December 31, 2014 and the statements of revenue and expenditures and deficit and cash flows for the year then ended, and the related notes, which comprise 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.

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PwC refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Diaspora Dialogues Charitable Society as at December 31, 2014 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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Diaspora Dialogues Charitable Society

Balance Sheet

As at December 31, 2014

	2014 \$	2013 \$
Assets		
Current assets		
Cash and cash equivalents (note 4)	65,045	57,000
Amounts receivable	15,872	11,382
Deposits	304	1,122
	<u>81,221</u>	<u>69,504</u>
Capital assets (note 5)	<u>-</u>	<u>15,709</u>
	<u>81,221</u>	<u>85,213</u>
Liabilities		
Current liabilities		
Bank indebtedness	-	7,556
Accounts payable (note 6)	35,319	45,192
Deferred capital contributions (note 8)	-	15,539
Deferred revenue (note 7)	77,000	62,000
	<u>112,319</u>	<u>130,287</u>
Deficit	<u>(31,098)</u>	<u>(45,074)</u>
	<u>81,221</u>	<u>85,213</u>
Economic dependence (note 3)		
Commitments (note 10)		

Approved by the Board of Directors



Director



Director

The accompanying notes are an integral part of these financial statements.

Diaspora Dialogues Charitable Society
Statement of Revenue and Expenditures and Deficit
For the year ended December 31, 2014

	2014	2013
	\$	\$
Revenue		
Donations and grants received (notes 3, 7 and 9)	199,056	341,002
Amortization of deferred capital contributions (note 8)	15,539	31,078
Other income	568	3,790
	<hr/>	<hr/>
	215,163	375,870
Expenditures		
Staffing	114,034	198,691
Special projects	-	95,711
Performance series	18,765	49,613
Amortization	15,709	31,419
Occupancy costs	21,840	18,503
Professional fees	14,094	9,903
Publishing/mentoring program	8,847	6,570
General and administrative	3,705	5,767
Communications and marketing	1,951	4,709
Professional development	2,242	476
	<hr/>	<hr/>
	201,187	421,362
Excess of revenue over expenditures (expenditures over revenue) for the year	13,976	(45,492)
Surplus (deficit) - Beginning of year	<hr/> (45,074)	<hr/> 418
Deficit - End of year	<hr/> (31,098)	<hr/> (45,074)

The accompanying notes are an integral part of these financial statements.

Diaspora Dialogues Charitable Society

Statement of Cash Flows

For the year ended December 31, 2014

	2014 \$	2013 \$
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenditures (expenditures over revenue) for the year	13,976	(45,492)
Items not affecting cash		
Amortization	15,709	31,419
Amortization of deferred capital contributions	(15,539)	(31,078)
Changes in non-cash working capital balances		
Amounts receivable	(4,490)	4,356
Deposits	818	659
Accounts payable	(9,873)	20,581
Deferred revenue	15,000	3,000
	<hr/> 15,601	<hr/> (16,555)
Financing activities		
Bank indebtedness	<hr/> (7,556)	<hr/> 7,556
Increase (decrease) in cash and cash equivalents during the year	8,045	(8,999)
Cash and cash equivalents - Beginning of year	<hr/> 57,000	<hr/> 65,999
Cash and cash equivalents - End of year	<hr/> <hr/> 65,045	<hr/> <hr/> 57,000

The accompanying notes are an integral part of these financial statements.

Diaspora Dialogues Charitable Society

Notes to Financial Statements

December 31, 2014

1 Organization

Diaspora Dialogues Charitable Society (the Society) was incorporated on June 28, 2005 under the Canada Corporations Act. The Society received its charitable status effective September 7, 2005 and has been designated as a charitable organization.

The Society supports the creation and presentation of new fiction, poetry and drama that reflect the complexity of the city through the eyes of its richly diverse writers.

2 Summary of significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). The more significant accounting policies are summarized as follows:

Basis of presentation and revenue recognition

The Society follows the deferral method of accounting for revenue. Unrestricted donations and grants are recognized as received or receivable if the amount to be received is reasonably estimated and collection is reasonably assured. Donations and grants received for specific contracted expenses that were not incurred in the year or for other specific activities or periods are recorded as deferred revenue. Contributions received for specific capital expenditures are initially deferred and recognized into revenue on the same basis as the amortization of the cost of the related capital asset. Other income consists of book sales and interest income. Expenditures are recognized as incurred.

Contributed services

The work of the Society is supported by the contribution of services. These contributions are recognized in the financial statements when the fair value is reasonably determinable and when they would normally have been purchased by the Society if not donated. Fair value is defined as the estimated cash outlay that would have been required to purchase the contributed services.

Cash and cash equivalents

Cash and cash equivalents are comprised of cash and highly liquid guaranteed investment certificates (GICs) that are redeemable without penalty and are readily convertible into cash on short notice. Due to their short-term nature, the fair value of these investments approximates their carrying value. Interest income earned on investments is reported as revenue in the period earned.

Financial instruments

Financial liabilities are initially recognized at fair value less any financing fees or transaction costs. The financial liabilities are subsequently measured at amortized cost.

Diaspora Dialogues Charitable Society

Notes to Financial Statements

December 31, 2014

Financial assets are initially recognized at fair value plus any financing fees or transaction costs. The financial assets are subsequently measured at amortized cost less any impairment. Investments are recorded at amortized cost. Interest is accrued as earned. An impairment is recognized if there is an indication of impairment and a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets. The impairment loss is measured as the difference between the carrying amount of the asset or group of assets and the highest of the present value of the discounted cash flows of the asset or group of assets. Impairments are recognized through the use of an allowance account, with a corresponding charge to the statement of revenue and expenditures and deficit.

Unless otherwise noted, it is management's opinion that the Society is not exposed to significant interest, currency or credit risks arising from components of these financial instruments.

Capital assets

Capital assets are recorded at cost less accumulated amortization. Computers and website are amortized over three years using the straight-line method.

The Society reviews the carrying amounts of its long-lived assets regularly. If the long-lived assets no longer have any long-term service potential to the Society, the excess of the net carrying amount over any residual value is recognized as an expense in the statement of revenue and expenditures and deficit.

Use of estimates

The preparation of financial statements in accordance with ASNPO requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of the revenue and expenditures during the year. Actual results could differ from those estimates.

3 Economic dependence

A major portion of the Society's operations for the year is financed through donations from the Maytree Foundation. In 2014, approximately \$78,000 (2013 - \$131,500) was received from the Maytree Foundation.

4 Cash and cash equivalents

Included in cash and cash equivalents are short-term investments as follows:

	2014	2013
	\$	\$
Variable rate GIC, prime - 1.95%, August 13, 2015	27,000	-
Variable rate GIC, prime - 1.95%, August 24, 2015	35,000	-
Variable rate GIC, prime - 1.90%, August 7, 2014	-	30,000
Variable rate GIC, prime - 1.90%, August 7, 2014	-	27,000
	<hr/>	<hr/>
	62,000	57,000
	<hr/>	<hr/>

Diaspora Dialogues Charitable Society

Notes to Financial Statements

December 31, 2014

5 Capital assets

			2014	2013
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Website	93,234	93,234	-	15,539
Computer	1,021	1,021	-	170
	<u>94,255</u>	<u>94,255</u>	<u>-</u>	<u>15,709</u>

6 Government remittances payable

At year-end, the Society had remittances payable to the government of \$120 (2013 - \$720) that are included in accounts payable.

7 Deferred revenue

	2014 \$	2013 \$
Balance - Beginning of year	62,000	59,000
Revenue received	133,250	208,451
Revenue recognized	(118,250)	(205,451)
	<u>77,000</u>	<u>62,000</u>

8 Deferred capital contributions

Deferred capital contributions related to capital assets represent the unamortized amount of grants received for the purchase of capital assets.

	2014 \$	2013 \$
Balance - Beginning of year	15,539	46,617
Amortization	(15,539)	(31,078)
	<u>-</u>	<u>15,539</u>
Less: Current portion	-	(15,539)
	<u>-</u>	<u>-</u>

Diaspora Dialogues Charitable Society

Notes to Financial Statements

December 31, 2014

9 Donations and grants

As a requirement of their respective funding arrangements, the following organizations have requested disclosure of the amounts recognized as grants to the Society during the year:

	\$
Ontario Arts Council	27,000
Toronto Arts Council	<u>45,000</u>
	<u>72,000</u>

10 Contingencies and commitments

The Society has obligations for the premises operating lease as follows:

	\$
2015	35,640
2016	35,640
2017	<u>35,640</u>
	<u>106,920</u>