

RSCDS Toronto Scottish Country Dance Association

Financial Statements

December 31, 2017

INDEPENDENT AUDITORS' REPORT

To the Members of RSCDS Toronto Scottish Country Dance Association

We have audited the accompanying financial statements of RSCDS Toronto Scottish Country Dance Association, ("Association") which comprise the statement of financial position as at December 31, 2017, and the statements of revenues and expenses, changes in accumulated surplus and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information and schedules.

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.

Auditors' 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 Association derives revenue from various sources, mainly donations, membership fees and fees charged for classes and various other events organized by the Association. The completeness of the above mentioned revenues is not susceptible to satisfactory audit verification. Accordingly, our verification of these sources of revenue was limited to the amounts recorded in the records of the Association and we were not able to determine whether any adjustments might be necessary to the Association's total revenues, excess of revenues over expenses and accumulated surplus.

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 RSCDS Toronto Scottish Country Dance Association as at December 31, 2017, and its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Williams & Partners

Chartered Professional Accountants LLP
Licensed Public Accountants

Markham, Ontario
March 15, 2018

RSCDS Toronto Scottish Country Dance Association

Statement of Financial Position

December 31, 2017

	2017	2016
	\$	\$
Assets		
Current		
Cash	42,424	47,496
Memorial cash (note 4)	8,025	8,025
Term deposits	29,616	17,581
Inventory	498	1,771
Sundry receivables	2,740	1,303
Prepaid expenses	20,247	16,472
	<u>103,550</u>	<u>92,648</u>
Term deposits (note 5)	<u>-</u>	<u>11,927</u>
	<u>103,550</u>	<u>104,575</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	5,854	4,726
Deferred revenue	22,554	23,789
Deferred contributions (note 4)	8,025	8,025
Government remittances payable	1,257	1,574
	<u>37,690</u>	<u>38,114</u>
Accumulated Surplus		
Unrestricted	<u>65,860</u>	<u>66,461</u>
	<u>103,550</u>	<u>104,575</u>

On behalf of the Board

Director

Director

RSCDS Toronto Scottish Country Dance Association

Statement of Revenue and Expenses

year ended December 31, 2017

	<i>2017</i>	<i>2016</i>
	\$	\$
Revenues		
Core activities (schedule)	70,284	64,218
Demonstration dances	2,285	1,940
Donations and other	4,011	3,492
Membership fees	21,955	21,550
Merchandise sales	2,238	4,112
	<u>100,773</u>	<u>95,312</u>
Expenses		
Administration	3,064	2,194
Annual general meeting	1,669	1,698
Communications and publicity	2,332	2,462
Core activities (schedule)	73,632	62,787
Demonstration dances	539	1,126
Insurance	1,055	1,042
Memberships	11,484	11,775
Merchandise cost of sales	2,407	3,732
Professional fees	5,000	3,950
Volunteer recognition	192	302
	<u>101,374</u>	<u>91,068</u>
Excess of revenues over expenses (expenses over revenues)	<u>(601)</u>	<u>4,244</u>

RSCDS Toronto Scottish Country Dance Association
Statement of Changes in Accumulated Surplus
year ended December 31, 2017

	<i>Unrestricted</i>	<i>2017</i>	<i>2016</i>
	<i>\$</i>	<i>\$</i>	<i>\$</i>
Balance, beginning	66,461	66,461	62,217
Excess of revenues over expenses (expenses over revenues)	(601)	(601)	4,244
Balance, ending	65,860	65,860	66,461

RSCDS Toronto Scottish Country Dance Association

Statement of Cash Flows

year ended December 31, 2017

	<u>2017</u>	<u>2016</u>
	\$	\$
Cash flows from operating activities		
Excess of revenues over expenses (expenses over revenues)	(601)	4,244
Net change in non-cash working capital items	<u>(4,363)</u>	<u>(5,709)</u>
	(4,964)	(1,465)
Cash flows from investing activity		
Purchase of term deposits	<u>(108)</u>	<u>(99)</u>
Increase (decrease) in cash	(5,072)	(1,564)
Cash, beginning	<u>55,521</u>	<u>57,085</u>
Cash, ending	<u>50,449</u>	<u>55,521</u>
Cash consists of the following:		
Cash	42,424	47,496
Memorial cash	<u>8,025</u>	<u>8,025</u>
	<u>50,449</u>	<u>55,521</u>

RSCDS Toronto Scottish Country Dance Association

Notes to Financial Statements

December 31, 2017

1. PURPOSE OF ASSOCIATION

The purpose of RSCDS Toronto Scottish Country Dance Association ("RSCDS") is to promote Scottish country dancing, to educate and increase the public's understanding and appreciation of Scottish country dancing and to encourage the presentation of Scottish country dancing in co-operation with the Royal Scottish Country Dance Society in Scotland. RSCDS was incorporated without share capital on November 2, 2001.

Under the Income Tax Act, the Association is classified as a not-for-profit organization and, as such, is not subject to income tax.

2. SIGNIFICANT ACCOUNTING POLICIES

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

Revenue recognition

RSCDS follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. 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.

Membership fees are recognized on an accrual basis. The Association recognizes all other revenue at the time that products and services are provided.

Financial instruments

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

Financial assets measured at amortized cost include cash, memorial cash, sundry receivables and term deposits are also recorded at amortized cost which approximates fair market value.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of any write-down from impairment is recognized as a charge against earnings.

Donated services

The work of the Association is dependant on the voluntary work of many members and the board of directors. The value of the donated services is not recognized in these statements.

RSCDS Toronto Scottish Country Dance Association

Notes to the Financial Statements

December 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES - continued

Inventory

Inventory consists of books and other merchandise available for sale as a method of fund raising. Inventory is stated at the lower of cost and net realizable value, cost being determined on a first-in, first-out basis. Net realizable value is the estimated selling price in the ordinary course of business less the estimated selling costs.

Prepaid expenses

Prepaid expenses are recorded for goods and services being received in the next fiscal year but paid for in the current fiscal year. The balance at year end represents amounts paid for facility rent, memberships, insurance, name tags and deposits made for various upcoming events.

Use of estimates

The preparation of the Association's financial statements, in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the year. Estimates are used when making allowances for bad debts and accrued liabilities. Due to the inherent uncertainty involved with making such estimates, actual results could differ from those reported. As adjustments become necessary, they are reported in revenues and expenses in the period in which they become known.

3. FINANCIAL INSTRUMENTS RISK EXPOSURES

The Association is exposed to various risks through its financial instruments. The following analysis provides a measure of the Association's risk exposures and concentrations at the balance sheet 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.

The Association is exposed to credit risk on its accounts receivable from its various members and third parties. In order to reduce its credit risk, the Association has adopted credit policies which include advance payment for classes and memberships.

Liquidity risk

Liquidity risk is the risk that the Association will not be able to meet a demand for cash or fund its obligations as they come due as a result of the Association's inability to liquidate assets in a timely manner and at a reasonable price.

The Association is exposed to liquidity risk and mitigates this risk by preparing and monitoring detailed budgets, collecting revenues in advance and holding significant cash balances.

RSCDS Toronto Scottish Country Dance Association

Notes to the Financial Statements

December 31, 2017

3. FINANCIAL INSTRUMENTS RISK EXPOSURES - continued

Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual investment or its issuer or factors affecting all securities traded in the market. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Association is not exposed to other price risk.

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. A portion of the Association's expenses are denominated in British pounds. As a result, the Association is exposed to currency risk.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Association is exposed to interest rate cash flow risk on term deposit bearing interest at a floating rate as described in note 5.

The Association is exposed to interest rate price risk on term deposit bearing interest at a fixed rate as described in note 5.

Changes in risk

There have been no significant changes in the Association's risk exposures from the prior year.

4. MEMORIAL CASH AND DEFERRED CONTRIBUTIONS

Memorial cash represents unspent resources that the board has set aside in memory of former dancers until an appropriate memorial expenditure is incurred.

	<i>2017</i>	<i>2016</i>
	\$	\$
Deferred contributions		
Beginning balance	8,025	7,025
Contributions	-	1,000
	<u>8,025</u>	<u>8,025</u>

5. TERM DEPOSITS

Term deposits are comprised of Canadian guaranteed investment certificates bearing interest at a fixed rate of 1.35% and a variable rate of prime rate less 2.10% per annum, and maturing on January 8, 2018 and February 9, 2018 respectively.

RSCDS Toronto Scottish Country Dance Association

Schedule of Core Activities

year ended December 31, 2017

	<i>Revenue</i>	<i>Expense</i>	<i>2017</i> <i>Net</i>	<i>2016</i> <i>Net</i>
	<i>\$</i>	<i>\$</i>	<i>\$</i>	<i>\$</i>
Association workshop	10,616	11,294	(678)	(805)
Dancing in the Park	3,057	4,406	(1,349)	231
Education and training	16,893	12,499	4,394	5,412
Lottery	803	82	721	724
Monthly dances	9,496	9,727	(231)	(861)
Special events	8,159	11,561	(3,402)	(250)
Tartan Ball	19,799	22,558	(2,759)	(2,401)
Youth ball	1,461	1,505	(44)	(619)
	<hr/>	<hr/>	<hr/>	<hr/>
	70,284	73,632	(3,348)	1,431
