

## Financial Statements

Symphony Nova Scotia Society

June 30, 2023

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# Independent auditor's report

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**Grant Thornton LLP**  
Nova Centre, North Tower  
Suite 1000, 1675 Grafton Street  
Halifax, NS  
B3J 0E9  
T +1 902 421 1734  
F +1 902 420 1068

To the members of  
**Symphony Nova Scotia Society**

## Qualified Opinion

We have audited the financial statements of Symphony Nova Scotia Society (the "Society"), which comprise the statement of financial position as at June 30, 2023, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of Symphony Nova Scotia Society as at June 30, 2023, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

## Basis for Qualified Opinion

In common with many not-for-profit organizations, the Society derives revenue from fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Society. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended June 30, 2023 and June 30, 2022, current assets as at June 30, 2023 and June 30, 2022, and net assets as at July 1 and June 30 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended June 30, 2022 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

## Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Halifax, Canada  
September 22, 2023

Chartered Professional Accountants

# Symphony Nova Scotia Society

## Statement of financial position

June 30

2023

2022

### Assets

#### Current

Cash and short-term deposits	\$ 2,120,427	\$ 2,360,969
Receivables	15,477	69,296
Prepays and other assets	27,181	12,611
	<u>2,163,085</u>	<u>2,442,876</u>

Capital assets (Note 4)	478,452	309,557
Intangible assets (Note 5)	<u>268,054</u>	<u>262,799</u>
	<u>\$ 2,909,591</u>	<u>\$ 3,015,232</u>

### Liabilities

#### Current

Payables and accruals	\$ 178,114	\$ 216,215
Deferred revenue	30,533	143,831
Deferred contributions (Note 6)	620,250	201,555
Payable to Symphony Nova Scotia Foundation (Note 7)	<u>25,809</u>	<u>70,499</u>
	<u>854,706</u>	<u>632,100</u>

Deferred contributions related to capital assets (Note 8)	<u>81,969</u>	<u>85,159</u>
	<u>936,675</u>	<u>717,259</u>

### Net assets

Internally restricted	225,768	210,768
Unrestricted	<u>1,747,148</u>	<u>2,087,205</u>
	<u>1,972,916</u>	<u>2,297,973</u>
	<u>\$ 2,909,591</u>	<u>\$ 3,015,232</u>

Commitments (Note 9)

On behalf of the Board



Director



Director

# Symphony Nova Scotia Society

## Statement of operations

Year ended June 30

2023

2022

### Revenues

Earned revenue (Note 10)	\$ 1,660,281	\$ 170,467
Private sector revenue (Note 11)	1,844,289	1,515,862
Public sector revenue (Note 12)	1,433,712	2,441,606
Donated materials and services	<u>103,307</u>	<u>16,265</u>
	<b>5,041,589</b>	<b>4,144,200</b>

### Expenses

Artistic	2,647,206	1,700,855
Concert production	862,043	491,433
Outreach, education and youth orchestra	312,204	197,187
Marketing	508,887	325,472
Development	222,299	224,608
Administration	680,045	599,846
Donated materials and services	<u>103,307</u>	<u>16,265</u>
	<b>5,335,991</b>	<b>3,555,666</b>

(Deficiency) excess of revenues over expenses before amortization and Symphony Nova Scotia Foundation	<b>(294,402)</b>	588,534
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Amortization of capital assets	<b>(40,845)</b>	(29,567)
Amortization of deferred capital contributions	<u>10,190</u>	<u>3,995</u>

(Deficiency) excess of revenues over expenses before Symphony Nova Scotia Foundation	<b>(325,057)</b>	562,962
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Symphony Nova Scotia Foundation		
Private sector donations and estate bequests	134,212	177,015
Transfer to Symphony Nova Scotia Foundation (Note 7)	<u>(134,212)</u>	<u>(177,015)</u>

(Deficiency) excess of revenues over expenses	<b>\$ (325,057)</b>	<b>\$ 562,962</b>
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# Symphony Nova Scotia Society

## Statement of changes in net assets

Year ended June 30

	<u>Unrestricted</u>	<u>Internally Restricted</u>	<b><u>2023 Total</u></b>	<u>2022 Total</u>
Net assets, beginning of year	\$ 2,087,205	\$ 210,768	<b>\$2,297,973</b>	\$1,735,011
Interfund Transfers (Note 3)	(15,000)	15,000	-	-
(Deficiency) excess of revenues over expenses	<u>(325,057)</u>	<u>-</u>	<b><u>(325,057)</u></b>	<u>562,962</u>
Net assets, end of year	<u>\$ 1,747,148</u>	<u>\$ 225,768</u>	<b><u>\$1,972,916</u></b>	<u>\$ 2,297,973</u>

# Symphony Nova Scotia Society

## Statement of cash flows

Year ended June 30

2023

2022

Increase (decrease) in cash and short-term deposits

### Operating

(Deficiency) excess of revenues over expenses	\$ (325,057)	\$ 562,962
Amortization of deferred capital contributions	(10,190)	(3,995)
Amortization of capital assets	<u>40,845</u>	<u>29,567</u>
	<u>(294,402)</u>	<u>588,534</u>

Change in non-cash operating working capital

Receivables	53,819	(7,955)
Prepays and other assets	(14,570)	(4,909)
Payables and accruals	(38,101)	171,559
Deferred revenue	(113,298)	(17,843)
Deferred contributions	418,695	(263,712)
Payable to Symphony Nova Scotia Foundation	<u>(44,690)</u>	<u>70,120</u>
	<u>(32,547)</u>	<u>535,794</u>

### Investing

Purchase of capital assets and intangibles, net	(214,995)	(162,691)
Deferred contributions related to capital assets	<u>7,000</u>	<u>79,904</u>
	<u>(207,995)</u>	<u>(82,787)</u>

Net change in cash and short-term deposits (240,542) 453,007

Cash and short-term deposits

Beginning of year	<u>2,360,969</u>	<u>1,907,962</u>
End of year	<u>\$ 2,120,427</u>	<u>\$ 2,360,969</u>



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# Symphony Nova Scotia Society

## Notes to the financial statements

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June 30, 2023

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### 1. Purpose of the Society

The Symphony Nova Scotia Society (the "Society") was founded to organize, establish and promote a professional symphony orchestra in the Province of Nova Scotia; to present symphonic music to the public in Halifax, in particular, and throughout the Province of Nova Scotia, in general; and to encourage and stimulate public interest in the arts, particularly in symphonic music of high quality. The Society is incorporated under the Societies Act in the Province of Nova Scotia and is a registered charity under the Income Tax Act.

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### 2. Summary of significant accounting policies

#### a) Basis of accounting

These financial statements have been prepared on a going concern basis in accordance with Canadian generally accepted accounting principles using Canadian accounting standards for not-for-profit organizations in Part III of the CPA Handbook.

#### b) Fund accounting

The financial statements include the following funds:

##### *Internally restricted fund*

The internally restricted fund represents funds internally restricted by the Board of Directors for sustaining the operations of the youth orchestra. Transfers into and out of this fund require formal approval by the Board.

##### *Unrestricted fund*

The unrestricted fund accounts for the Society's day-to-day activities which includes revenue and administrative expenses for running the Society.

#### c) Cash and short-term deposits

Cash and short-term deposits include cash on hand, balances with bank and short-term deposits.

#### d) Financial instruments

##### *Initial measurement*

The Society's financial instruments are measured at fair value when issued or acquired. Financial instruments consist of cash and short-term deposits, receivables, payables and accruals, and payable to Symphony Nova Scotia Foundation.

##### *Subsequent measurement*

At each reporting date, the Society measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets), except for equities quoted in an active market, which must be measured at fair value. All changes in fair value of the Society's investments in equities quoted in an active market are recorded in the statements of operations. The financial instruments measured at amortized cost are cash and short-term deposits, receivables, other assets, payables and accruals, and payable to Symphony Nova Scotia Foundation.

For financial assets measured at cost or amortized cost, the Society regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Society determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

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# Symphony Nova Scotia Society

## Notes to the financial statements

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June 30, 2023

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### 2. Summary of significant accounting policies (continued)

#### d) Financial instruments (continued)

The Society's main financial instrument risk exposure is detailed as follows:

##### *Credit risk*

The Society has determined that the financial assets with credit risk exposure are receivables since failure of any of these parties to fulfil their obligations could result in significant financial losses for the Society.

##### *Liquidity risk*

The Society's liquidity risk represents the risk that the Society could encounter difficulty in meeting obligations associated with its financial liabilities. The Society is, therefore, exposed to liquidity risk with respect to its payables and accruals.

The Society is not exposed to significant interest rate risk, market risk or other price risk.

#### e) Capital assets

Purchased capital assets are recorded at cost and subsequently measured at cost less accumulated amortization. Capital assets are amortized over their estimated useful lives. Management reviews estimates of the useful lives of capital assets whenever events or changes in circumstances indicate a capital asset no longer has any long-term service potential to the Society, the excess of its net carrying amount over any residual value would be recognized as an expense. Such a write-down is not reversed if the service potential subsequently improves.

Capital assets, excluding string instruments, are amortized over their useful lives using the following methods and rates.

Office equipment	straight-line over five years
Musical equipment	straight-line over ten years

String instruments owned by the Society are recorded at fair market value at the time of acquisition. Given their aesthetic value and virtually unlimited life, when properly maintained, no amortization is recorded on these items.

#### f) Prepaids and other assets

Prepaids and other assets represent costs relating to activities to be held in the next fiscal year. Costs determined not to meet the criteria of an asset are expensed as incurred.

#### g) Intangible assets

Purchased intangible assets are recorded at cost. Donated intangible assets are reported at fair value when the fair value can be reliably determined. The musical library is a collection of musical scores and does not depreciate; therefore, no amortization is recorded.

Management regularly reviews the assets for impairment and adjusts as necessary.

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# Symphony Nova Scotia Society

## Notes to the financial statements

June 30, 2023

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### 2. Summary of significant accounting policies (continued)

#### h) Deferred contributions related to capital assets

Deferred contributions related to capital assets represent restricted contributions used to purchase musical instruments and other capital assets. These contributions are deferred and recognized as revenue on the same basis as the amortization of the related capital assets.

#### i) Revenue recognition

The Society uses the deferral method of accounting for contributions. Earned revenue is recognized when the corresponding event occurs. Private sector revenues are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Public sector revenues are recognized in the period to which they relate. Grants received in advance are deferred. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

#### j) Donated materials and services

Donated materials and services, where the fair value can be estimated, are recorded as revenue in the period in which the donation is provided. Due to the difficulty in determining the value of volunteer services, these donated services are not recorded in the financial statements.

#### k) Use of estimates

Management reviews the carrying amounts of items in the financial statements at each year end date to assess the need for revision or any possibility of impairment. Many items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. These estimates are reviewed periodically, and adjustments are made to net income as appropriate in the year they become known.

Items subject to significant management estimates include allowance for doubtful accounts and useful lives of capital assets.

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### 3. Interfund transfers

During the year, the Board of Directors authorized the transfer of \$15,000 from the Unrestricted Fund into the Internally Restricted Fund to provide support for future operations of the youth orchestra.

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### 4. Capital assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2023 Net Book Value</u>	<u>2022 Net Book Value</u>
Office equipment	\$ 133,565	\$ 103,593	\$ 29,972	\$ 41,962
Musical equipment	356,064	149,084	206,980	204,595
String instruments	241,500	-	241,500	63,000
	<u>\$ 731,129</u>	<u>\$ 252,677</u>	<u>\$ 478,452</u>	<u>\$ 309,557</u>

# Symphony Nova Scotia Society

## Notes to the financial statements

June 30, 2023

### 5. Intangible assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<b>2023 Net Book Value</b>	<b>2022 Net Book Value</b>
Cable music collection & library	\$ 268,054	\$ -	<b>\$ 268,054</b>	\$ 262,799

### 6. Deferred contributions

	<b>2023</b>	<b>2022</b>
Beginning balance	\$ 201,555	\$ 465,267
Add: contributions received	1,852,407	2,177,895
Less: recognized as revenue	<u>(1,433,712)</u>	<u>(2,441,607)</u>
Ending balance	<b>\$ 620,250</b>	<b>\$ 201,555</b>

### 7. Related party transactions

The Society actively stewards funds raised for the Symphony Nova Scotia Foundation (the "Foundation"). Funds received on behalf of the Foundation are recorded as a payable until they are transferred to the Foundation. These transactions are in the normal course of business and are measured at cost. At year end the Society had collected but not yet paid out \$25,809 (2022 - \$70,499) of donations to the Foundation.

The Foundation was created to hold a perpetual endowment fund for the Society and, at the discretion of its directors, to use the income earned on the funds annually to support the Society. During the year, the Society received a contribution of \$1,005,000 (2022 - \$808,449) from the Foundation, which is included in private sector revenues.

In addition, during the year, the Society transferred \$134,212 (2022 - \$177,015) in estate bequests and private sector and donations to the Foundation. As at year end, the market value of investments held by the Foundation was approximately \$19,165,182 (2022 - \$19,355,733).

### 8. Deferred contributions related to capital assets

	<b>2023</b>	<b>2022</b>
Beginning balance	\$ 85,159	\$ 9,250
Add: contributions received	7,000	79,904
Less: recognized as revenue	<u>(10,190)</u>	<u>(3,995)</u>
Ending balance	<b>\$ 81,969</b>	<b>\$ 85,159</b>

# Symphony Nova Scotia Society

## Notes to the financial statements

June 30, 2023

### 9. Commitments

- a) The Society has entered into a lease agreement for the rental of its premises until October 31, 2028. Minimum annual lease payments, including estimated common area expenses, required under this agreement are as follows:

2024	62,895
2025	63,855
2026	63,855
2027	63,855
2028	63,855
2029	21,285

- b) The Society has also leased office equipment. Minimum annual lease payments required under the lease agreement are as follows:

2024	1,956
2025	1,956
2026	1,467

10. Earned revenue	<u>2023</u>	<u>2022</u>
Ticket sales	\$ 1,526,123	\$ 118,569
Guarantees and artistic projects	33,290	15,396
Education concerts and tuition	39,949	24,275
Merchandise sales, library rentals and other	<u>60,919</u>	<u>12,227</u>
	<u>\$ 1,660,281</u>	<u>\$ 170,467</u>

11. Private sector revenue	<u>2023</u>	<u>2022</u>
Individual donations	\$ 561,560	\$ 557,199
Foundations and trusts	1,085,000	838,449
Corporate sponsorships and donations	145,700	83,750
Donations designated for community engagement activities	<u>52,029</u>	<u>36,464</u>
	<u>\$ 1,844,289</u>	<u>\$ 1,515,862</u>

12. Public sector revenue	<u>2023</u>	<u>2022</u>
Canada Council	\$ 924,625	\$ 978,000
Province of Nova Scotia / Arts Nova Scotia	450,500	452,267
Wage subsidies and programs	3,587	871,339
Halifax Regional Municipality	45,000	45,000
Other federal project grants	<u>10,000</u>	<u>95,000</u>
	<u>\$ 1,433,712</u>	<u>\$ 2,441,606</u>