



Financial Statements

Symphony Nova Scotia Society

June 30, 2019

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Independent auditor's report

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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, 2019, 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, 2019, 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, 2019 and June 30, 2018, current assets as at June 30, 2019 and June 30, 2018, and net assets as at July 1 and June 30 for both the 2019 and 2018 years. Our audit opinion on the financial statements for the year ended June 30, 2018 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 17, 2019

Chartered Professional Accountants
Licensed Public Accountants

Symphony Nova Scotia Society

Statement of financial position

June 30

2019

2018

Assets

Current

Cash and short term deposits	\$ 958,817	\$ 583,112
Receivables	177,247	195,593
Prepays and other assets	<u>111,713</u>	<u>71,036</u>
	1,247,777	849,741

Capital assets (note 3) 176,682 71,747

Intangible assets (note 4) 265,969 237,620

\$ 1,690,428 \$ 1,159,108

Liabilities

Current

Payables and accruals (note 5)	\$ 173,446	\$ 108,631
Deferred revenue	554,459	359,287
Deferred contributions	555,185	477,504
Payable to Symphony Nova Scotia Foundation (note 12)	<u>55,911</u>	<u>141,510</u>
	1,339,001	1,086,932

Deferred contributions related to capital assets (note 6) 14,250 13,250

1,353,251 1,100,182

Net assets

Internally restricted (note 7) 165,768 -

Unrestricted 171,409 58,926

337,177 58,926

\$ 1,690,428 \$ 1,159,108

Commitments (note 8)

On behalf of the Board

Director

Director

Symphony Nova Scotia Society

Statement of operations

Year ended June 30	2019	2018
Revenues		
Earned revenue (note 9)	\$ 1,966,674	\$ 1,976,679
Private sector revenue (note 10)	1,552,807	1,434,310
Public sector revenue (note 11)	1,343,046	1,327,022
Contribution from the Nova Scotia Youth Orchestra Society (note 7)	215,768	-
Donated materials and services	<u>104,923</u>	<u>163,145</u>
	<u>5,183,218</u>	<u>4,901,156</u>
Expenses		
Artistic	2,571,446	2,803,800
Concert production	823,128	726,590
Administration	501,150	365,722
Marketing	404,877	387,338
Development	266,751	271,953
Outreach, education and youth orchestra	190,857	115,028
Donated materials and services	<u>104,923</u>	<u>163,145</u>
	<u>4,863,132</u>	<u>4,833,576</u>
Excess of revenues over expenses before amortization and Symphony Nova Scotia Foundation	320,086	67,580
Amortization of capital assets	(18,835)	(20,947)
Amortization of deferred capital contributions	<u>2,000</u>	<u>4,917</u>
Excess of revenues over expenses before Symphony Nova Scotia Foundation	303,251	51,550
Symphony Nova Scotia Foundation		
Private sector donations	330,000	115,669
Transfer to Symphony Nova Scotia Foundation (note 12)	<u>(355,000)</u>	<u>(115,669)</u>
Excess of revenues over expenses	<u>\$ 278,251</u>	<u>\$ 51,550</u>

See accompanying notes to the financial statements.

Symphony Nova Scotia Society

Statement of changes in net assets

Year ended June 30

	<u>Unrestricted</u>	<u>Internally Restricted</u>	<u>2019 Total</u>	<u>2018 Total</u>
Net assets, beginning of year	\$ 58,926	\$ -	\$ 58,926	\$ 7,376
Excess of revenues over expenses	278,251	-	278,251	51,550
Transfer to internally restricted fund (note 7)	<u>(165,768)</u>	<u>165,768</u>	<u>-</u>	<u>-</u>
Net assets, end of year	<u>\$ 171,409</u>	<u>\$ 165,768</u>	<u>\$ 337,177</u>	<u>\$ 58,926</u>

Symphony Nova Scotia Society

Statement of cash flows

Year ended June 30

2019

2018

Increase (decrease) in cash and short term deposits

Operating		
Excess of revenues over expenses	\$ 278,251	\$ 51,550
Donation of capital and intangible assets	(119,936)	-
Amortization of deferred capital contributions	(2,000)	(4,917)
Amortization of capital assets	<u>18,835</u>	<u>20,947</u>
	175,150	67,580
Change in non-cash operating working capital		
Receivables	18,346	185,637
Prepays and other assets	(40,677)	(35,003)
Payables and accruals	64,815	15,678
Deferred revenue	195,172	36,702
Deferred contributions	77,681	198,982
Payable to Symphony Nova Scotia Foundation	<u>(85,599)</u>	<u>114,200</u>
	404,888	583,776
Financing		
Deferred capital contributions	<u>3,000</u>	<u>5,000</u>
Investing		
Purchase of capital assets and intangibles, net	<u>(32,183)</u>	<u>(14,939)</u>
Net change in cash and short term deposits	375,705	573,837
Cash and short term deposits		
Beginning of year	<u>583,112</u>	<u>9,275</u>
End of year	\$ <u>958,817</u>	\$ <u>583,112</u>

See accompanying notes to the financial statements.

Symphony Nova Scotia Society

Notes to the financial statements

June 30, 2019

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.

2. Summary of significant accounting policies

a) Basis of accounting

These financial statements have been prepared 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 deferred revenue.

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, payables and accruals, deferred revenue, deferred contributions, 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.

Symphony Nova Scotia Society

Notes to the financial statements

June 30, 2019

2. Summary of significant accounting policies (continued)

c) 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. The entity is also exposed to concentration risk in that all of its cash is held with one financial institution.

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.

d) 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. One-half year's amortization is recorded in the year of acquisition. 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, if properly maintained, no amortization is recorded on these items.

e) Prepaids and other assets

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

f) 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. Website redesign cost is amortized on a straight-line basis over three years. Management regularly reviews the assets for impairment and adjusts as necessary.

Symphony Nova Scotia Society

Notes to the financial statements

June 30, 2019

2. Summary of significant accounting policies (continued)

g) 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.

h) Revenue recognition

The Society uses 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. Grant revenues are recognized in the period to which they relate. Grants received in advance are deferred. Earned revenue is recognized when the corresponding event occurs.

i) 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.

j) 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.

3. Capital assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	2019 Net Book Value	2018 Net Book Value
Office equipment	\$ 83,520	\$ 64,969	\$ 18,551	\$ 9,236
Musical equipment	172,881	77,750	95,131	62,511
String instruments	<u>63,000</u>	<u>-</u>	<u>63,000</u>	<u>-</u>
	<u>\$ 319,401</u>	<u>\$ 142,719</u>	<u>\$ 176,682</u>	<u>\$ 71,747</u>

Symphony Nova Scotia Society

Notes to the financial statements

June 30, 2019

4. Intangible assets	Cost	Accumulated Amortization	2019	2018
			Net Book Value	Net Book Value
Cable music collection & library	\$ 258,469	\$ -	\$ 258,469	\$ 237,620
Website	<u>22,500</u>	<u>15,000</u>	<u>7,500</u>	-
	<u>\$ 280,969</u>	<u>\$ 15,000</u>	<u>\$ 265,969</u>	<u>\$ 237,620</u>

5. Payables and accruals

Included in payables and accruals are government remittances of \$54,192 (2018 - \$43,077).

6. Deferred contributions related to capital assets	2019	2018
Beginning balance	\$ 13,250	\$ 13,167
Add: contributions	3,000	5,000
Less: recognized as revenue	<u>(2,000)</u>	<u>(4,917)</u>
Ending balance	<u>\$ 14,250</u>	<u>\$ 13,250</u>

7. Internally restricted net assets

On October 3, 2018, the Nova Scotia Youth Orchestra Society (the "NSYO") transferred ownership of all of its assets and liabilities to the Society, ceased operations and proceeded to be dissolved. Under the terms of a Memorandum of Understanding (the "MOU"), the Society agreed to assume management and operations of the NSYO and ensure the financial and physical assets contributed by the NSYO would be internally restricted and used for the furtherance of youth orchestra objectives.

The fair market value of financial and physical assets donated to the Society on October 3, 2018 has been determined to be the following:

Net cash contribution	\$ 95,832
Fair market value of instruments, equipment and library	<u>119,936</u>
Total value of contribution from the NSYO	<u>\$ 215,768</u>

In accordance with the terms of the MOU, the Society designated funds from the NSYO contribution as follows:

Payable to the Symphony Nova Scotia Foundation to be held in perpetuity	\$ 25,000
General operations of the Society to support the current year transition	25,000
Transfer to internally restricted net assets	<u>165,768</u>
	<u>\$ 215,768</u>

Symphony Nova Scotia Society

Notes to the financial statements

June 30, 2019

8. Commitments

- a) The Society has entered into a lease agreement for the rental of its premises until October 31, 2020. Minimum annual lease payments, including estimated common area expenses, required under this agreement are as follows:

2020	\$ 60,972
2021	20,324

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

2020	\$ 4,008
2021	4,008
2022	4,008
2023	3,006

9. Earned revenue

	<u>2019</u>	<u>2018</u>
Single tickets	\$ 1,120,160	\$ 1,075,063
Season tickets	678,814	657,191
Guarantees and artistic projects	70,889	170,200
Boutique, broadcasting and other	38,643	38,029
Education concerts and tuition	<u>58,168</u>	<u>36,196</u>
	<u>\$ 1,966,674</u>	<u>\$ 1,976,679</u>

10. Private sector revenue

	<u>2019</u>	<u>2018</u>
Foundations and trusts	\$ 660,458	\$ 607,608
Individual donations	598,139	551,054
Corporate sponsorships and donations	127,049	143,032
Donations designated for outreach, education and youth orchestra	112,001	54,852
Special events	<u>55,160</u>	<u>77,764</u>
	<u>\$ 1,552,807</u>	<u>\$ 1,434,310</u>

11. Public sector revenue

	<u>2019</u>	<u>2018</u>
Canada Council	\$ 802,300	\$ 790,000
Province of Nova Scotia / Arts Nova Scotia	471,750	497,022
Halifax Regional Municipality	25,000	40,000
Other	<u>43,996</u>	<u>-</u>
	<u>\$ 1,343,046</u>	<u>\$ 1,327,022</u>

Symphony Nova Scotia Society

Notes to the financial statements

June 30, 2019

12. 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 the exchange amount. At year end the Society had collected but not yet paid out \$55,911 (2018 - \$141,510) 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 \$644,458 (2018 - \$593,103) from the Foundation, which is included in private sector revenues.

In addition, during the year, the Society transferred \$355,000 to the Foundation, consisting of \$330,000 (2018 - \$115,669) of private sector donations and \$25,000 (2018 - \$Nil) relating to the contribution received from NSYO, as designated by the Board of Directors. As at year end, the market value of investments held by the Foundation was approximately \$14,911,060 (2018 - \$14,059,454).