



Financial Statements

Symphony Nova Scotia Society

June 30, 2018

Contents

	Page
Independent auditor's report	1
Statement of financial position	2
Statement of operations and changes in net assets	3
Statement of cash flows	4
Notes to the financial statements	5-9

Independent auditor's report

Grant Thornton LLP
Nova Centre, North Tower
1000-1675 Grafton Street
Halifax, NS
B3J 0E9

T +1 902 421 1734
F +1 902 420 1068
www.GrantThornton.ca

To the members of
Symphony Nova Scotia Society

We have audited the accompanying financial statements of Symphony Nova Scotia Society, which comprise the statement of financial position as at June 30, 2018, the statement of operations and changes in net assets and statement of 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 Society'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 Society'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 non-profit organizations, the Society derives revenue from donations and events, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Society and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenses, and cash flow from operations for the years ended June 30, 2018 and 2017, assets as at June 30, 2018 and 2017 and net assets as at July 1, 2017 and 2016 and June 30, 2018 and 2017. Our audit opinion on the financial statements for the year ended June 30, 2017 was modified accordingly because of the possible effects on this limitation in scope.

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 Symphony Nova Scotia Society as at June 30, 2018 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.



Halifax, Canada
September 14, 2018

Chartered Professional Accountants
Licensed Public Accountants

Symphony Nova Scotia Society

Statement of financial position

June 30

2018

2017

Assets

Current

Cash and short-term deposits	\$ 583,112	\$ 9,275
Receivables	195,593	381,230
Prepays and other assets	<u>71,036</u>	<u>36,033</u>
	849,741	426,538

Capital assets (note 3)	71,747	80,833
Intangible assets (note 4)	<u>237,620</u>	<u>234,542</u>
	\$ <u>1,159,108</u>	\$ <u>741,913</u>

Liabilities

Current

Payables and accruals (note 5)	\$ 108,631	\$ 92,953
Deferred revenue	359,287	322,585
Deferred contributions	477,504	278,522
Payable to Symphony Nova Scotia Foundation (note 11)	<u>141,510</u>	<u>27,310</u>
	1,086,932	721,370

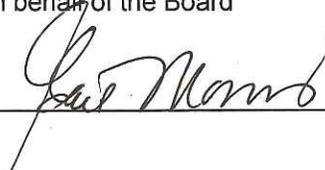
Deferred contributions related to capital assets (note 6)	<u>13,250</u>	<u>13,167</u>
	<u>1,100,182</u>	<u>734,537</u>

Net assets

Unrestricted (page 3)	<u>58,926</u>	<u>7,376</u>
	\$ <u>1,159,108</u>	\$ <u>741,913</u>

Commitments (note 7)

On behalf of the Board



Director



Director

Symphony Nova Scotia Society

Statement of operations and changes in net assets

Year ended June 30	2018	2017
Revenues		
Earned revenue (note 8)	\$ 1,976,679	\$ 1,669,181
Private sector revenue (note 9)	1,434,310	1,440,349
Donated materials and services	163,145	162,669
Public sector revenue (note 10)	<u>1,327,022</u>	<u>1,097,458</u>
	4,901,156	4,369,657
Expenses		
Administration	365,722	439,669
Artistic	2,803,800	2,473,438
Concert production	726,590	677,099
Development	271,953	193,211
Donated materials and services	163,145	162,669
Education and outreach	115,028	50,601
Marketing	<u>387,338</u>	<u>335,523</u>
	4,833,576	4,332,210
Excess of revenues over expenses before amortization and Symphony Nova Scotia Foundation	67,580	37,447
Amortization of capital assets	(20,947)	(19,822)
Amortization of capital contributions	<u>4,917</u>	<u>7,161</u>
Excess of revenues over expenses before Symphony Nova Scotia Foundation	51,550	24,786
Symphony Nova Scotia Foundation		
Private sector donations	115,669	316,331
Campaign expenses	-	(5,457)
Contribution to Symphony Nova Scotia Foundation (note 11)	<u>(115,669)</u>	<u>(310,874)</u>
Excess of revenues over expenses	\$ 51,550	\$ 24,786
Net assets, beginning of year	\$ 7,376	\$ (17,410)
Excess of revenues over expenses	<u>51,550</u>	<u>24,786</u>
Net assets, end of year	\$ 58,926	\$ 7,376

See accompanying notes to the financial statements.

Symphony Nova Scotia Society

Statement of cash flows

Year ended June 30

2018

2017

Increase (decrease) in cash and short-term deposits

Operating

Excess of revenues over expenses	\$ 51,550	\$ 24,786
Amortization of deferred capital contributions	(4,917)	(7,161)
Amortization of capital assets	<u>20,947</u>	<u>19,822</u>
	67,580	37,447

Change in non-cash operating working capital

Receivables	185,637	(95,971)
Prepays and other assets	(35,003)	(16,053)
Payables and accruals	15,678	(9,519)
Deferred revenue	36,702	(9,087)
Deferred contributions	198,982	(221,953)
Payable to Symphony Nova Scotia Foundation	114,200	(24,215)
Long-term receivables	<u>-</u>	<u>8,000</u>
	583,776	(331,351)

Financing

Deferred capital contributions	<u>5,000</u>	<u>10,000</u>
--------------------------------	--------------	---------------

Investing

Purchase of capital assets and intangibles, net	<u>(14,939)</u>	<u>(37,168)</u>
---	-----------------	-----------------

Net change in cash and short-term deposits **573,837** (358,519)

Cash and short-term deposits

Beginning of year 9,275 367,794

End of year \$ 583,112 \$ 9,275

Symphony Nova Scotia Society

Notes to the financial statements

June 30, 2018

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) Cash and short-term deposits

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

c) 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 Society uses the effective interest rate method to amortize any premiums, discounts, transaction fees and financing fees to 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, 2018

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 are amortized over the useful life of the asset using the straight-line method. The range of estimated useful lives of each category of capital asset is shown below expressed in years:

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

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.

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.

Symphony Nova Scotia Society

Notes to the financial statements

June 30, 2018

2. Summary of significant accounting policies (continued)

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>	2018 Net Book Value	2017 Net <u>Book Value</u>
Office equipment	\$ 66,903	\$ 57,667	\$ 9,236	\$ 16,023
Musical equipment	<u>130,228</u>	<u>67,717</u>	<u>62,511</u>	<u>64,810</u>
	<u>\$ 197,131</u>	<u>\$ 125,384</u>	<u>\$ 71,747</u>	<u>\$ 80,833</u>

4. Intangible assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	2018 Net Book Value	2017 Net <u>Book Value</u>
Cable music collection & library	\$ 237,620	\$ -	\$ 237,620	\$ 231,168
Website	<u>13,500</u>	<u>13,500</u>	<u>-</u>	<u>3,374</u>
	<u>\$ 251,120</u>	<u>\$ 13,500</u>	<u>\$ 237,620</u>	<u>\$ 234,542</u>

Symphony Nova Scotia Society

Notes to the financial statements

June 30, 2018

5. Payables and accruals

Included in payables and accruals are government remittances of \$43,077 (2017 - \$24,786).

6. Deferred contributions related to capital assets	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 13,167	\$ 10,328
Add: contributions	5,000	10,000
Less: recognized as revenue	<u>(4,917)</u>	<u>(7,161)</u>
Ending balance	<u>\$ 13,250</u>	<u>\$ 13,167</u>

7. 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:

2019	\$ 60,972
2020	20,324

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

2019	\$ 4,665
2020	\$ 4,008
2021	\$ 4,008
2022	\$ 4,008
2023	\$ 3,006

8. Earned revenue	<u>2018</u>	<u>2017</u>
Single tickets	\$ 1,075,063	\$ 983,200
Season tickets	657,191	541,450
Guarantees and artistic projects	170,200	72,995
Boutique, broadcasting and other	38,029	57,108
Education concerts	<u>36,196</u>	<u>14,428</u>
	<u>\$ 1,976,679</u>	<u>\$ 1,669,181</u>

Symphony Nova Scotia Society

Notes to the financial statements

June 30, 2018

9. Private sector revenue	<u>2018</u>	<u>2017</u>
Foundations and trusts	\$ 607,608	\$ 654,000
Individual campaign	551,054	529,720
Corporate campaign	143,032	131,126
Education campaign	54,852	63,378
Special events	<u>77,764</u>	<u>62,125</u>
	<u>\$ 1,434,310</u>	<u>\$ 1,440,349</u>

10. Public sector revenue	<u>2018</u>	<u>2017</u>
Canada Council	\$ 790,000	\$ 626,096
Province of Nova Scotia / Arts Nova Scotia	497,022	432,000
Halifax Regional Municipality	40,000	35,000
Other	<u>-</u>	<u>4,362</u>
	<u>\$ 1,327,022</u>	<u>\$ 1,097,458</u>

11. Related party transactions

The Society actively stewards funds raised for the Symphony Nova Scotia 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 \$141,510 (2017- \$27,310) of donations to the Symphony Nova Scotia Foundation.

The Society received a contribution of \$593,103 for the 2018 fiscal year (2017 - \$646,000) from the Symphony Nova Scotia Foundation, which is included in private sector revenues.

The Symphony Nova Scotia Foundation was created to hold a perpetual endowment fund for Symphony Nova Scotia Society and, at the discretion of the directors, to use the income earned on the funds annually to support the Symphony Nova Scotia Society. During the year, the Society transferred \$115,669 (2017 - \$310,874) to the Foundation. As at June 30, 2018, the market value of investments held by the Foundation was approximately \$14,059,454 (2017 - \$13,708,805).

12. Comparative figures

Certain of the comparative figures for the prior year have been reclassified to conform to the financial statement presentation adopted for the current period.