



Financial Statements

Symphony Nova Scotia Society

June 30, 2017

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Independent auditor's report

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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, 2017, 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, 2017 and 2016, assets as at June 30, 2016 and 2015 and net assets as at July 1, 2016 and 2015 and June 30, 2017 and 2016. Our audit opinion on the financial statements for the year ended June 30, 2016 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, 2017 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, 2017

Chartered Professional Accountants
Licensed Public Accountants

Symphony Nova Scotia Society

Statement of financial position

June 30

2017

2016

Assets

Current

Cash and short term deposits	\$ 9,275	\$ 367,794
Receivables (note 3)	381,230	285,259
Prepays and other assets	<u>36,033</u>	<u>19,980</u>
	426,538	673,033

Receivables (note 3)	-	8,000
Capital assets (note 4)	80,833	69,085
Intangible assets (note 5)	<u>234,542</u>	<u>228,944</u>
	\$ 741,913	\$ 979,062

Liabilities

Current

Payables and accruals (note 6)	\$ 92,953	\$ 102,472
Deferred revenue	322,585	331,672
Deferred contributions (note 7)	<u>305,832</u>	<u>544,000</u>
	721,370	978,144

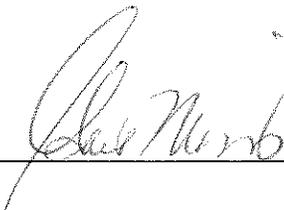
Deferred contributions (note 7)	-	8,000
Deferred contributions related to capital assets (note 8)	<u>13,167</u>	<u>10,328</u>
	734,537	996,472

Net assets

Unrestricted (page 3)	<u>7,376</u>	<u>(17,410)</u>
	\$ 741,913	\$ 979,062

Commitments (note 9)

On behalf of the Board


 _____ Director
 
 _____ Director

Symphony Nova Scotia Society

Statement of operations and changes in net assets

Year ended June 30	2017	2016
Revenues		
Earned revenue (note 10)	\$ 1,669,181	\$ 1,514,149
Private sector revenue (note 11)	1,440,349	1,434,941
Donated materials and services	162,669	192,445
Public sector revenue (note 12)	<u>1,097,458</u>	<u>1,097,417</u>
	<u>4,369,657</u>	<u>4,238,952</u>
Expenses		
Artistic	2,473,438	2,426,492
Concert production	677,099	662,811
Education	50,601	78,014
Marketing	335,523	323,209
Development	193,211	185,762
Administration	439,669	354,120
Donated materials and services	<u>162,669</u>	<u>192,445</u>
	<u>4,332,210</u>	<u>4,222,853</u>
Excess of revenues over expenses before amortization and Endowment Fund	37,447	16,099
Amortization of Capital Assets	(19,822)	(16,288)
Amortization of Capital Contributions	<u>7,161</u>	<u>10,020</u>
Excess of revenues over expenses before Endowment Fund	24,786	9,831
Endowment Fund		
Private sector donations	316,331	356,856
Campaign expenses	(5,457)	(45,457)
Contribution to Symphony Nova Scotia Foundation (note 13)	<u>(310,874)</u>	<u>(311,399)</u>
Excess of revenues over expenses	<u>\$ 24,786</u>	<u>\$ 9,831</u>
Net assets, beginning of year	\$ (17,410)	\$ (27,241)
Excess of revenues over expenses	<u>24,786</u>	<u>9,831</u>
Net assets, end of year	<u>\$ 7,376</u>	<u>\$ (17,410)</u>

See accompanying notes to the financial statements.

Symphony Nova Scotia Society

Statement of cash flows

Year ended June 30

2017

2016

Increase (decrease) in cash and short-term deposits

Operating		
Excess of revenues over expenses	\$ 24,786	\$ 9,831
Amortization of deferred capital contributions	(7,161)	(10,020)
Amortization of capital assets	<u>19,822</u>	<u>16,288</u>
	37,447	16,099
Change in non-cash operating working capital		
Receivables	(95,971)	15,626
Prepays and other assets	(16,053)	6,856
Payables and accruals	(9,519)	4,485
Deferred revenue	(9,087)	(62,317)
Deferred contributions	(246,168)	169,710
Long term receivables	<u>8,000</u>	<u>20,000</u>
	(331,351)	<u>170,459</u>
Financing		
Deferred capital contributions	<u>10,000</u>	<u>-</u>
Investing		
Purchase of capital assets and intangibles, net	<u>(37,168)</u>	<u>(52,975)</u>
Net change in cash and short term deposits	(358,519)	117,484
Cash and short term deposits (note 14)		
Beginning of year	<u>367,794</u>	<u>250,310</u>
End of year	\$ <u>9,275</u>	\$ <u>367,794</u>

See accompanying notes to the financial statements.

Symphony Nova Scotia Society

Notes to the financial statements

June 30, 2017

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 investments

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

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 cash equivalents, receivables, payables and deferred revenue.

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, 2017

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 accounts payable 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, 2017

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) Pledges

The Society records pledges at estimated realizable value.

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.

3. Receivables	<u>2017</u>	<u>2016</u>
Current		
Trade	\$ 381,230	\$ 258,259
Pledges	-	30,000
Less: allowance for doubtful accounts	<u>-</u>	<u>(3,000)</u>
	<u>\$ 381,230</u>	<u>\$ 285,259</u>
Long term		
Pledges	<u>\$ -</u>	<u>\$ 8,000</u>

Symphony Nova Scotia Society

Notes to the financial statements

June 30, 2017

4. Capital assets		Cost	Accumulated Amortization	2017	2016
				Net Book Value	Net Book Value
Office equipment	\$	66,903	\$ 50,880	\$ 16,023	\$ 22,811
Musical equipment		<u>121,742</u>	<u>56,932</u>	<u>64,810</u>	<u>46,274</u>
	\$	<u>188,645</u>	\$ <u>107,812</u>	\$ <u>80,833</u>	\$ <u>69,085</u>

5. Intangible assets		Cost	Accumulated Amortization	2017	2016
				Net Book Value	Net Book Value
Cable music collection & library	\$	231,168	\$ -	\$ 231,168	\$ 221,520
Website		<u>13,500</u>	<u>10,126</u>	<u>3,374</u>	<u>7,424</u>
	\$	<u>244,668</u>	\$ <u>10,126</u>	\$ <u>234,542</u>	\$ <u>228,944</u>

6. Payables and accruals

Included in payables and accruals are government remittances of \$24,786 (2016 - \$28,549).

7. Deferred contributions

Deferred contributions represent unspent resources from operating funding received in the current period that is related to the subsequent period and externally restricted funding for specific purposes. Deferred contributions of public sector revenue and sponsorship are operating revenue related to the subsequent period. The Jason Roth Fund included a gift of securities from Jason Roth and Cheryl Steadman which was restricted to support the proposed education and outreach project. The gift was held as restricted funds until such time that matching gifts are secured which occurred in the current year. The Society actively stewards funds raised for the Symphony Nova Scotia Foundation. Funds received on behalf of the Foundation are recorded as deferred contributions until they are transferred to the Foundation.

Symphony Nova Scotia Society

Notes to the financial statements

June 30, 2017

7. Deferred contributions (continued)

	Public Sector <u>Revenue</u>	Jason Roth <u>Fund</u>	SNS <u>Foundation</u>	2017 <u>Total</u>	2016 <u>Total</u>
Beginning balance	\$ 452,000	\$ 40,475	\$ 51,525	\$ 544,000	\$ 382,290
Add: amounts restricted during the year	278,522	-	292,116	570,638	765,282
Less: amount recognized as revenue in current year	<u>(452,000)</u>	<u>(40,475)</u>	<u>(316,331)</u>	<u>(808,806)</u>	<u>(595,572)</u>
Ending balance	278,522	-	27,310	305,832	552,000
Less: long term portion	-	-	-	-	8,000
Current portion	<u>\$ 278,522</u>	<u>\$ -</u>	<u>\$ 27,310</u>	<u>\$ 305,832</u>	<u>\$ 544,000</u>

8. Deferred contributions related to capital assets

	<u>2017</u>	<u>2016</u>
Beginning balance	\$ 10,328	\$ 20,348
Add: contributions	10,000	-
Less: recognized as revenue	<u>(7,161)</u>	<u>(10,020)</u>
Ending balance	<u>\$ 13,167</u>	<u>\$ 10,328</u>

9. Commitments

- a) The Society has entered into a lease agreement for the rental of its premises until July 31, 2017. Minimum annual lease payments, including estimated common area expenses, required under this agreement are as follows:

2018	\$ 5,192
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- b) The Society has also leased office equipment. Minimum annual lease payments required under the lease agreement are as follows:

2018	\$ 3,910
2019	630

Symphony Nova Scotia Society

Notes to the financial statements

June 30, 2017

10. Earned revenue	<u>2017</u>	<u>2016</u>
Single tickets	\$ 992,850	\$ 866,547
Season tickets	531,800	464,175
Guarantees and artistic projects	72,995	60,540
Boutique, broadcasting and other	57,108	91,567
Education concerts	<u>14,428</u>	<u>31,320</u>
	\$ 1,669,181	\$ 1,514,149

11. Private sector revenue	<u>2017</u>	<u>2016</u>
Foundations and trusts (note 13)	\$ 654,000	\$ 609,000
Individual campaign	529,720	523,496
Corporate campaign	171,126	174,500
Education campaign	63,378	68,516
Special events	<u>22,125</u>	<u>59,429</u>
	\$ 1,440,349	\$ 1,434,941

12. Public sector revenue	<u>2017</u>	<u>2016</u>
Canada Council	\$ 626,096	\$ 623,596
Province of Nova Scotia / Arts Nova Scotia	432,000	435,500
Halifax Regional Municipality	35,000	35,000
Other	<u>4,362</u>	<u>3,321</u>
	\$ 1,097,458	\$ 1,097,417

13. Foundations and trusts

The Society received a contribution of \$646,000 for the 2017 fiscal year (2016 - \$599,000) from the Symphony Nova Scotia Society Foundation, which is included in private sector revenues. The Foundation has also agreed to transfer \$40,000 to the Society as a contribution towards development salary expenses related to Foundation fundraising. This amount has been included in trade receivables and netted against development expenses.

The Symphony Nova Scotia Society 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 \$310,874 (2016 - \$311,399) to the Foundation. As at June 30, 2017, the market value of investments held by the Foundation was approximately \$13,708,805 (2016 - \$11,908,000).

Symphony Nova Scotia Society

Notes to the financial statements

June 30, 2017

14. Supplemental cash flow information	<u>2017</u>	<u>2016</u>
Cash and short term deposits consist of:		
Cash on hand and balances with bank	\$ (7,275)	\$ 351,252
Short term deposits	<u>16,550</u>	<u>16,542</u>
	<u>\$ 9,275</u>	<u>\$ 367,794</u>

15. 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.