



Financial Statements

Symphony Nova Scotia Society

June 30, 2016

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Independent auditor's report

To the members of
Symphony Nova Scotia Society

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We have audited the accompanying financial statements of Symphony Nova Scotia Society, which comprise the statement of financial position as at June 30, 2016, the statement of operations, statement of 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, 2016 and 2015, assets as at June 30, 2016 and 2015 and net assets as at July 1, 2015 and 2014 and June 30, 2016 and 2015. Our audit opinion on the financial statements for the year ended June 30, 2015 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, 2016 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 7, 2016

Chartered Professional Accountants

Symphony Nova Scotia Society
Statement of financial position

June 30

2016

2015

Assets

Current

Cash and short term deposits	\$ 343,270	\$ 193,956
Restricted cash	24,524	56,354
Receivables (note 3)	285,259	300,885
Prepays and other assets	19,980	26,836
	<u>673,033</u>	<u>578,031</u>
Receivables (note 3)	8,000	28,000
Capital assets (note 4)	69,085	37,100
Intangible assets (note 5)	<u>228,944</u>	<u>224,242</u>
	<u>\$ 979,062</u>	<u>\$ 867,373</u>

Liabilities

Current

Payables and accruals (note 6)	\$ 102,472	\$ 97,987
Deferred revenue	331,672	393,989
Deferred contributions (note 7)	<u>544,000</u>	<u>354,290</u>
	<u>978,144</u>	<u>846,266</u>
Deferred contributions (note 7)	8,000	28,000
Deferred contributions related to capital assets (note 8)	<u>10,328</u>	<u>20,348</u>
	<u>996,472</u>	<u>894,614</u>

Net assets

Unrestricted (page 4)

(17,410)

(27,241)

\$ 979,062 \$ 867,373

Commitments (note 9)

On behalf of the Board

Director

Director

Symphony Nova Scotia Society

Statement of operations

Year ended June 30

2016

2015

Revenues		
Capital contributions (note 8)	\$ 10,020	\$ 12,865
Donated materials and services	<u>192,445</u>	194,582
Earned revenue (note 10)	<u>1,514,149</u>	1,378,372
Private sector revenue (note 11)	<u>1,434,941</u>	1,218,728
Public sector revenue (note 12)	<u>1,097,417</u>	1,114,322
	<u><u>4,248,972</u></u>	<u><u>3,918,869</u></u>
Expenses		
Administration	354,120	345,511
Artistic	<u>2,426,492</u>	2,231,515
Concert production	<u>679,099</u>	594,247
Development	<u>202,745</u>	211,726
Donated materials and services	<u>192,445</u>	194,582
Education	<u>78,014</u>	104,375
Marketing	<u>306,226</u>	270,898
	<u><u>4,239,141</u></u>	<u><u>3,952,854</u></u>
Excess (deficiency) of revenues over expenses before Listen to the Future Campaign	<u>9,831</u>	(33,985)
Listen to the Future Campaign		
Private sector donations	356,856	227,851
Campaign expenses	<u>(45,457)</u>	(5,724)
Contribution to Symphony Nova Scotia Society Foundation (note 13)	<u>(311,399)</u>	<u>(222,127)</u>
Excess (deficiency) of revenues over expenses	<u>\$ 9,831</u>	<u>\$ (33,985)</u>

Symphony Nova Scotia Society
Statement of changes in net assets

Year ended June 30	2016	2015
Net assets, beginning of year	\$ (27,241)	\$ 6,744
Excess (deficiency) of revenues over expenses	<u>9,831</u>	<u>(33,985)</u>
Net assets, end of year	\$ <u>(17,410)</u>	\$ <u>(27,241)</u>

Symphony Nova Scotia Society

Statement of cash flows

Year ended June 30

2016

2015

Increase (decrease) in cash and short-term deposits and restricted cash

Operating

Excess (deficiency) of revenues over expenses	\$ 9,831	\$ (33,985)
Amortization of deferred capital contributions	<u>(10,020)</u>	(12,865)
Amortization of capital assets	<u>16,288</u>	17,157
	<u>16,099</u>	(29,693)
Change in non-cash operating working capital (note 14)	<u>154,360</u>	(273,841)
	<u><u>170,459</u></u>	<u><u>(303,534)</u></u>

Investing

Purchase of capital assets and intangibles, net	<u>(52,975)</u>	(36,378)
Net change in cash and short term deposits	<u>117,484</u>	(339,912)
Cash, short term deposits and restricted cash (note 14)		
Beginning of year	<u>250,310</u>	<u>590,222</u>
End of year	<u>\$ 367,794</u>	<u>\$ 250,310</u>

Symphony Nova Scotia Society

Notes to the financial statements

June 30, 2016

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) Restricted cash

Restricted cash includes balances with bank and short term investments of amounts received from donors for the Listen to the Future Campaign. These funds are restricted to be transferred to the Symphony Nova Scotia Foundation.

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, restricted cash, 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.

Symphony Nova Scotia Society

Notes to the financial statements

June 30, 2016

2. Summary of significant accounting policies (continued)

d) Financial instruments (continued)

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.

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.

e) Capital assets

Purchased capital assets are recorded at cost and subsequently measured at cost less accumulated amortization. Capital assets, other than land, are amortized over their estimated useful lives. Land is not amortized. 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

f) Prepays and other assets

Prepays 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.

Symphony Nova Scotia Society

Notes to the financial statements

June 30, 2016

2. Summary of significant accounting policies (continued)

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

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. 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.

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) Pledges

The Society records pledges at estimated realizable value.

l) 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.

Symphony Nova Scotia Society

Notes to the financial statements

June 30, 2016

3. Receivables	<u>2016</u>	<u>2015</u>
Current		
Trade	\$ 258,259	\$ 241,664
Pledges	30,000	65,801
Less: allowance for doubtful accounts	<u>(3,000)</u>	<u>(6,580)</u>
	<u>\$ 285,259</u>	<u>\$ 300,885</u>
Long term		
Pledges	<u>\$ 8,000</u>	<u>\$ 28,000</u>

The Society has undertaken a campaign, called Listen to the Future, to raise funds to support the future of Symphony Nova Scotia Society. It has recorded campaign pledges due over the next two years as receivables with the portion due in the next 12 months classified as current and the remainder as long term.

4. Capital assets	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Book Value</u>	<u>2016 Net Book Value</u>	<u>2015 Net Book Value</u>
Office equipment	\$ 66,902	\$ 44,091	\$ 22,811	\$ 22,573	
Musical equipment	<u>94,222</u>	<u>47,948</u>	<u>46,274</u>		<u>14,527</u>
	<u>\$ 161,124</u>	<u>\$ 92,039</u>	<u>\$ 69,085</u>	<u>\$ 37,100</u>	

5. Intangible assets	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Book Value</u>	<u>2016 Net Book Value</u>	<u>2015 Net Book Value</u>
Cable music collection & library	\$ 221,520	\$ -	\$ 221,520	\$ 212,767	
Website	<u>13,500</u>	<u>6,076</u>	<u>7,424</u>		<u>11,475</u>
	<u>\$ 235,020</u>	<u>\$ 6,076</u>	<u>\$ 228,944</u>	<u>\$ 224,242</u>	

6. Payables and accruals

Included in payables and accruals are government remittances of \$28,549 (2015 - \$41,722).

Symphony Nova Scotia Society

Notes to the financial statements

June 30, 2016

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 Georg Tintner Fund includes royalty revenue and related investment income which is restricted for projects which honour the memory and interests of the late Georg Tintner. The Jason Roth Fund includes a gift of securities from Jason Roth and Cheryl Steadman which is restricted to support the proposed education and outreach project. The gift would be held as restricted funds until such time that matching gifts are secured. The Society has undertaken the Listen to the Future Campaign to raise funds to support the future of Symphony Nova Scotia Society. The funds raised, net of the campaign costs, will be endowed, unless otherwise specified by the donors. Deferred contributions relating to the Listen to the Future Campaign, net of any related expenses, will be transferred to the Symphony Nova Scotia Society Foundation for the purpose of investing to sustain the Society.

	Public Sector <u>Revenue</u>	Georg Tintner <u>Fund</u>	Jason Roth <u>Fund</u>	Listen to the Future <u>Campaign</u>	2016 Total	2015 Total
Beginning balance	\$ 213,500	\$ 25,216	\$ -	\$ 143,574	\$ 382,290	\$ 635,866
Add: amounts restricted during the year	452,000	-	40,475	272,807	765,282	401,275
Less: amount recognized as revenue in current year	(213,500)	(25,216)	-	(356,856)	(595,572)	(654,851)
Ending balance	<u>452,000</u>	<u>-</u>	<u>40,475</u>	<u>59,525</u>	<u>552,000</u>	<u>382,290</u>
Less: long term portion	-	-	-	8,000	8,000	28,000
Current portion	<u>\$ 452,000</u>	<u>\$ -</u>	<u>\$ 40,475</u>	<u>\$ 51,525</u>	<u>\$ 544,000</u>	<u>\$ 354,290</u>

8. Deferred contributions related to capital assets	2016	2015
Beginning balance	\$ 20,348	\$ 32,808
Add: contributions	-	405
Less: recognized as revenue	(10,020)	(12,865)
Ending balance	<u>\$ 10,328</u>	<u>\$ 20,348</u>

Symphony Nova Scotia Society

Notes to the financial statements

June 30, 2016

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:

2017	\$ 61,514
2018	5,192

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

2017	\$ 4,709
2018	3,027

10. Earned revenue

2016

2015

Single tickets	\$ 866,547	\$ 795,623
Season tickets	464,175	455,592
Guarantees and artistic projects	60,540	54,245
Improvement Fund	38,604	-
Education concerts	31,320	26,760
Broadcasting and recording fees	25,293	12,100
Boutique sales	23,501	30,378
Interest on investments	3,699	2,919
Library rentals	300	565
Memberships	<u>170</u>	<u>190</u>
	<u>\$ 1,514,149</u>	<u>\$ 1,378,372</u>

11. Private sector revenue

2016

2015

Foundations and trusts (note 13)	\$ 609,000	\$ 517,228
Individual campaign	296,471	287,996
Designated and special projects	227,025	165,646
Corporate campaign	174,500	132,000
Education campaign	68,516	55,983
Special events	<u>59,429</u>	<u>59,875</u>
	<u>\$ 1,434,941</u>	<u>\$ 1,218,728</u>

Symphony Nova Scotia Society

Notes to the financial statements

June 30, 2016

12. Public sector revenue	<u>2016</u>	<u>2015</u>
Canada Council – operations	\$ 623,596	\$ 623,596
Arts Nova Scotia – operations	432,000	427,000
Arts Nova Scotia – projects	3,500	15,468
Municipalities - operations	35,000	35,000
Municipalities - projects	-	10,000
Other	<u>3,321</u>	<u>3,258</u>
	<u>\$ 1,097,417</u>	<u>\$ 1,114,322</u>

13. Foundations and trusts

The Society received a contribution of \$599,000 for the 2016 fiscal year (2015 - \$496,728) from the Symphony Nova Scotia Society Foundation which is included in private sector revenues.

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 \$311,399 (2015 - \$222,127) to the Foundation as part of contributions received relating to the Listen to the Future Campaign. As at June 30, 2016, the market value of investments held by the Foundation was approximately \$11,908,000 (2015 - \$11,329,288).

14. Supplemental cash flow information	<u>2016</u>	<u>2015</u>
Change in non-cash operating working capital		
Receivables	\$ 35,626	\$ 32,208
Prepays and other assets	6,856	10,089
Payables and accruals	4,485	6,010
Deferred revenue	(62,317)	9,669
Deferred contributions	<u>169,710</u>	<u>(331,817)</u>
	<u>\$ 154,360</u>	<u>\$ (273,841)</u>

Cash and short term deposits, and restricted cash consist of:

Cash on hand and balances with bank	\$ 351,252	\$ 233,793
Short term deposits	<u>16,542</u>	<u>16,517</u>
	<u>\$ 367,794</u>	<u>\$ 250,310</u>