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**ORCHESTRAS CANADA /  
ORCHESTRES CANADA**

**FINANCIAL STATEMENTS**

**MARCH 31, 2020**

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## INDEPENDENT AUDITOR'S REPORT

To the Members of Orchestras Canada / Orchestres Canada,

### Opinion

We have audited the financial statements of Orchestras Canada / Orchestres Canada (the organization), which comprise the statement of financial position as at March 31, 2020, 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, the accompanying financial statements present fairly, in all material respects, the financial position of Orchestras Canada / Orchestres Canada as at March 31, 2020 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.

### Basis for Opinion

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 organization 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 opinion.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 organization'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 organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization'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.

## INDEPENDENT AUDITOR'S REPORT (continued)

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 organization'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 organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw your 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 organization 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.

*Pemylegion Chung LLP*

Chartered Professional Accountants  
Licensed Public Accountants

August 19, 2020  
Toronto, Ontario


# ORCHESTRAS CANADA / ORCHESTRES CANADA

## STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2020

	2020	2019
<b>ASSETS</b>		
Current assets		
Cash	\$ 69,872	\$ 88,061
Guaranteed investment certificates (notes 2 and 3)	96,640	70,000
Amounts receivable	7,288	6,117
HST rebate recoverable	1,324	1,448
Prepaid expenses	<u>4,482</u>	<u>975</u>
	<u>\$ 179,606</u>	<u>\$ 166,601</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 13,632	\$ 16,109
Payroll source deductions payable	-	3,039
Deferred contributions (note 5)	17,852	-
Deferred conference fees	<u>-</u>	<u>5,266</u>
	<u>31,484</u>	<u>24,414</u>
Net assets		
Designated (note 6)	58,499	58,499
Unrestricted	<u>89,623</u>	<u>83,688</u>
	<u>148,122</u>	<u>142,187</u>
	<u>\$ 179,606</u>	<u>\$ 166,601</u>

Approved on behalf of the Board:



\_\_\_\_\_, Director



\_\_\_\_\_, Director

see accompanying notes

# ORCHESTRAS CANADA / ORCHESTRES CANADA

## STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2020

			2020	2019
	Unrestricted	Designated (note 6)	Total	Total
Balance, beginning of year	\$ 83,688	\$ 58,499	\$ 142,187	\$ 131,092
Excess of revenue over expenses for the year	<u>5,935</u>	<u>-</u>	<u>5,935</u>	<u>11,095</u>
Balance, end of year	<u>\$ 89,623</u>	<u>\$ 58,499</u>	<u>\$ 148,122</u>	<u>\$ 142,187</u>

see accompanying notes

# ORCHESTRAS CANADA / ORCHESTRES CANADA

## STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2020

	<b>2020</b>	<b>2019</b>
<b>REVENUE</b>		
Grants (note 7)	\$ 246,358	\$ 221,303
Member and associate fees (note 8)	96,236	89,017
National conference registrations	51,223	27,991
Fundraising (note 9)	30,801	30,922
Job board	12,163	16,549
Investment income (note 10)	9,838	9,219
Workshop fees	<u>553</u>	<u>1,324</u>
	<u>447,172</u>	<u>396,325</u>
<b>EXPENSES</b>		
Personnel	212,557	168,900
National conference	88,143	64,153
Professional fees	49,190	23,481
Public affairs	34,430	42,169
Office and general	20,885	26,643
Board meetings	10,591	20,810
Communications	9,293	20,193
Networking and outreach	8,660	11,488
Occupancy costs (note 11)	<u>7,488</u>	<u>7,393</u>
	<u>441,237</u>	<u>385,230</u>
<b>EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR</b>	<u>\$ 5,935</u>	<u>\$ 11,095</u>

see accompanying notes

# ORCHESTRAS CANADA / ORCHESTRES CANADA

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2020

	2020	2019
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses for the year	\$ 5,935	\$ 11,095
Net change in non-cash working capital items (see below)	<u>2,516</u>	<u>17,651</u>
Net cash generated from operating activities	8,451	28,746
<b>INVESTING ACTIVITIES</b>		
Guaranteed investment certificates purchased	<u>(26,640)</u>	<u>(25,000)</u>
<b>NET INCREASE (DECREASE) IN CASH FOR THE YEAR</b>	(18,189)	3,746
Cash, beginning of year	<u>88,061</u>	<u>84,315</u>
<b>CASH, END OF YEAR</b>	<u>\$ 69,872</u>	<u>\$ 88,061</u>
Net change in non-cash working capital items:		
Decrease (increase) in current assets-		
Amounts receivable	\$ (1,171)	\$ 5,881
HST rebate recoverable	124	2,383
Prepaid expenses	(3,507)	19,323
Increase (decrease) in current liabilities-		
Accounts payable and accrued liabilities	(2,477)	7,340
Payroll source deductions payable	(3,039)	(284)
Deferred contributions	17,852	(8,722)
Deferred conference fees	<u>(5,266)</u>	<u>(8,270)</u>
	<u>\$ 2,516</u>	<u>\$ 17,651</u>

see accompanying notes

# ORCHESTRAS CANADA / ORCHESTRES CANADA

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020

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Orchestras Canada / Orchestres Canada (the organization) is continued under the Canada Not-for-Profit Corporations Act. The organization is exempt from income tax in Canada as a registered charitable organization under the Income Tax Act (Canada).

The organization provides an infrastructure of information, communication, education and support to the Canadian orchestral community. Its membership includes professional, community and youth orchestras, chamber ensembles, musicians and conductors, as well as many organizations and individuals who believe in promoting orchestral music as a unique part of Canadian heritage.

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management is responsible for the preparation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations. Outlined below are those policies considered particularly significant:

#### **Revenue recognition**

The principal sources of revenue and recognition of these revenues for financial statement purposes are as follows:

##### *Contributions*

The organization follows the deferral method of revenue recognition for contributions.

Externally restricted contributions, including grants, sponsorships and restricted donations, related to current expenses are recognized as revenue in the current year. Externally restricted contributions received in the year for expenses to be incurred in the following year are recorded as deferred contributions. Externally restricted contributions related to the purchase of capital assets are recorded as revenue in the same period, and on the same basis, as the related capital assets are amortized. Unrestricted contributions are recorded when received.

##### *Contributed materials and services*

Contributed materials and services which are normally purchased by the organization are not recorded in the accounts.

##### *Member and associate fees*

Member and associate fees are recognized as revenue in the year to which they apply.

##### *Fees for service*

Fee for service revenue including conference registration fees, workshops fees and job board, is recognized when services are delivered.

##### *Fundraising*

Fundraising revenue is recognized when the activity takes place.

##### *Investment income*

Investment income is recognized as revenue when earned except for investment income earned on Ontario Arts Foundation funds, which are recognized when received.

### 2. GUARANTEED INVESTMENT CERTIFICATES

Guaranteed investment certificates are issued by chartered Canadian banks, bear interest ranging from 2.10% to 2.30% and mature between April 2020 and August 2020.



# ORCHESTRAS CANADA / ORCHESTRES CANADA

## NOTES TO THE FINANCIAL STATEMENTS

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### 3. BANK LINE OF CREDIT

The organization has a business line of credit of \$45,000 which bears interest at the bank's prime + ¼%. The business line of credit is secured by the organization's guaranteed investment certificates. As at March 31, 2020, none of the line of credit had been drawn down (none drawn down as at March 31, 2019).

### 4. FINANCIAL INSTRUMENTS

The organization's financial instruments include cash, guaranteed investment certificates, amounts receivable, accounts payable and accrued liabilities. Guaranteed investment certificates are recorded at cost plus accrued interest income. Amounts receivable, accounts payable and accrued liabilities are initially recorded at fair value and are subsequently recorded net of any provisions for impairment in value.

### 5. DEFERRED CONTRIBUTIONS

	2020	2019
The following amounts have been deferred at year end:		
Canada Council for the Arts	<u>\$ 17,852</u>	<u>\$ -</u>
Continuity of deferred contributions for the year is as follows:		
	2020	2019
Deferred contributions, beginning of year	\$ -	\$ 8,722
Add cash received from grants	264,210	212,581
Less grant revenue recognized (note 7)	<u>(246,358)</u>	<u>(221,303)</u>
Deferred contributions, end of year	<u>\$ 17,852</u>	<u>\$ -</u>

### 6. DESIGNATED NET ASSETS

The Board of Directors of the organization has designated net assets of \$58,499 as at March 31, 2020 for future strategic initiatives and to provide for unexpected financial contingencies (\$58,499 designated as at March 31, 2019). Use of these funds requires prior approval by the Board of Directors.

# ORCHESTRAS CANADA / ORCHESTRES CANADA

## NOTES TO THE FINANCIAL STATEMENTS

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### 7. GRANT REVENUE

Grant revenue recognized in the year was as follows:

	2020	2019
Canada Council for the Arts		
Operating	\$ 143,000	\$ 136,000
Projects	18,998	8,722
Ontario Arts Council		
Operating	70,455	76,581
Government of Canada		
Canada Emergency Wage Subsidy	5,429	-
Canadian Heritage	4,556	-
Employment and Social Development Canada	<u>3,920</u>	<u>-</u>
	<u>\$ 246,358</u>	<u>\$ 221,303</u>

### 8. MEMBER AND ASSOCIATE FEES

Member and associate fees earned in the year were as follows:

	2020	2019
Orchestras	\$ 94,236	\$ 87,062
Associate orchestras and organizations	<u>2,000</u>	<u>1,955</u>
	<u>\$ 96,236</u>	<u>\$ 89,017</u>

### 9. FUNDRAISING

Fundraising revenue is from the following sources:

	2020	2019
Individuals	\$ 18,849	\$ 21,572
Corporations	6,952	9,350
Foundations	<u>5,000</u>	<u>-</u>
	<u>\$ 30,801</u>	<u>\$ 30,922</u>

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### 10. ENDOWMENTS WITH THE ONTARIO ARTS FOUNDATION

The organization established the Orchestras Canada Arts Endowment Fund at the Ontario Arts Foundation (OAF) under the terms of the Arts Endowment Fund (AEF) Program. The AEF was a program of the Government of Ontario through the Ministry of Tourism, Culture and Sport and administered by the OAF.

The Orchestras Canada Arts Endowment Fund will be held in perpetuity for Orchestras Canada. The market value of the Orchestras Canada Arts Endowment Fund as at March 31, 2020 was \$151,711 (\$179,618 as at March 31, 2019). These funds held in trust are not reflected in these financial statements.

Orchestras Canada receives investment income from the Orchestras Canada Arts Endowment Fund to be used for operations. During the year, Orchestras Canada received investment income of \$8,084 from the Orchestras Canada Arts Endowment Fund (\$8,177 in 2019).

### 11. LEASE COMMITMENT

The organization leases office space in Peterborough, Ontario. Minimum annual payments under the terms of the lease, which expires February 29, 2022, are as follows:

2021	10,370
2022	9,506

### 12. SUBSEQUENT EVENT

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. This presents uncertainty regarding the organization's future cash flows. The impact of social distancing may significantly impact the organization's future operations. An estimate of the financial impact of the pandemic on these financial statements is not practicable and therefore no adjustments related thereto have been made.