

RED DEER SYMPHONY ORCHESTRA ASSOCIATION

Financial Statements

Year Ended May 31, 2021



CORNISH
HARDER
NIEDERLE LLP

CHARTERED PROFESSIONAL
ACCOUNTANTS

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of Red Deer Symphony Orchestra Association

We have reviewed the accompanying financial statements of Red Deer Symphony Orchestra Association that comprise the statement of financial position as at May 31, 2021, and the statements of operations, changes in net assets and 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 (ASNPO), 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Red Deer Symphony Orchestra Association as at May 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with ASNPO.


Red Deer, AB
September 30, 2021

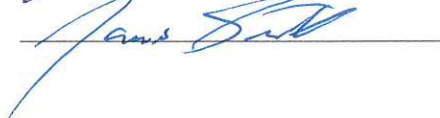
CHARTERED PROFESSIONAL ACCOUNTANTS

RED DEER SYMPHONY ORCHESTRA ASSOCIATION
Statement of Financial Position
May 31, 2021

	2021	2020
ASSETS		
CURRENT		
Cash	\$ 98,407	\$ 26,280
Restricted cash (Note 2)	6,829	6,829
Accounts receivable	46,342	34,102
Prepaid expenses	-	789
	151,578	68,000
CAPITAL ASSETS (Note 3)	4,473	4,959
	\$ 156,051	\$ 72,959
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 5)	\$ 23,209	\$ 10,124
Deferred revenue (Note 6)	-	39,710
	23,209	49,834
NET ASSETS		
UNRESTRICTED	121,540	11,337
INVESTED IN CAPITAL ASSETS	4,473	4,959
RESTRICTED	6,829	6,829
	132,842	23,125
	\$ 156,051	\$ 72,959

APPROVED ON BEHALF OF THE BOARD


 _____ Member


 _____ Member

RED DEER SYMPHONY ORCHESTRA ASSOCIATION

Statement of Operations

Year Ended May 31, 2021

	Budget	2021	2020
UNRESTRICTED REVENUES <i>(Schedule 1)</i>	\$ 240,300	\$ 300,183	\$ 459,618
UNRESTRICTED COST OF PRODUCTIONS			
Conductor salary	59,417	59,417	60,592
Advertising in kind	30,000	26,234	17,800
Online events	-	16,288	-
Musicians, soloists and benefits	11,500	6,066	114,938
Facilities rent	8,000	840	19,404
Advertising and marketing	5,375	786	10,784
Other event production costs	10,100	626	14,478
Librarian	-	574	5,717
Music and royalties	4,600	235	6,112
Fundraising	500	-	4,175
Commission on ticket sales	-	-	724
Musicians travel	-	-	17,803
	129,492	111,066	272,527
GROSS PROFIT	110,808	189,117	187,091
UNRESTRICTED ADMINISTRATIVE EXPENSES <i>(Schedule 2)</i>	105,847	78,914	99,236
EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS	4,961	110,203	87,855
RESTRICTED INCOME (EXPENSES)			
Raffle and casino revenues	5,000	-	7,390
Fundraising expenses	(1,400)	-	(2,295)
	3,600	-	5,095
EXCESS OF REVENUES OVER EXPENSES	\$ 8,561	\$ 110,203	\$ 92,950

RED DEER SYMPHONY ORCHESTRA ASSOCIATION

Statement of Changes in Net Assets

Year Ended May 31, 2021

	Unrestricted	Invested in Capital Assets	Restricted	2021	2020
NET ASSETS AT					
BEGINNING OF YEAR	\$ 11,337	\$ 4,959	\$ 6,829	\$ 23,125	\$ (69,339)
Excess of revenues over expenses	110,203	-	-	110,203	92,950
Amortization	-	(486)	-	(486)	(486)
NET ASSETS AT END					
OF YEAR	<u>\$ 121,540</u>	<u>\$ 4,473</u>	<u>\$ 6,829</u>	<u>\$ 132,842</u>	<u>\$ 23,125</u>

RED DEER SYMPHONY ORCHESTRA ASSOCIATION

Statement of Cash Flows

Year Ended May 31, 2021

	2021	2020
OPERATING ACTIVITIES		
Cash receipts from government assistance and donors	\$ 222,000	\$ 453,302
Cash paid to suppliers and employees	(149,129)	(369,647)
Interest paid	(744)	(6,258)
INCREASE IN CASH FLOW	72,127	77,397
Cash (deficiency) at beginning of year	33,109	(44,288)
CASH AT END OF YEAR	\$ 105,236	\$ 33,109
CASH CONSISTS OF:		
Cash	\$ 98,407	\$ 26,280
Restricted cash (Note 2)	6,829	6,829
	\$ 105,236	\$ 33,109

Excluded from the statement of cash flows are \$26,234 (2020 - \$17,800) of donations in kind for advertising and ticket donations received in the year.

RED DEER SYMPHONY ORCHESTRA ASSOCIATION

Notes to Financial Statements

Year Ended May 31, 2021

NATURE OF OPERATIONS

Red Deer Symphony Orchestra ("the Association") is a not-for-profit entity incorporated as a registered charity under paragraph 149(1) of the Income Tax Act. In order to maintain its status as a registered not-for-profit entity under the Act, the Association must meet certain requirements within the Act.

The purpose of the Association is to provide Central Alberta with quality music that is nationally recognized. The Association sets out to foster an appreciation for, and the development of, symphonic music in Central Alberta. This is achieved through creative programming, education and outreach, responsible governance and management, and community partnerships.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Fund accounting and revenue recognition

The Association follows the restricted fund method of accounting for contributions. For financial reporting purposes the following funds are established:

Unrestricted: represents the unrestricted activities of the Association's operations.

Invested in capital assets: represents the Association's net contributions for capital assets.

Restricted: represents the casino and raffle activities of which the use of funds are subject to approval by the Alberta Gaming and Liquor Commission.

Externally restricted contributions related to general operations are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions and donations are recognized as revenue when received. Fundraising and program event revenue is recognized when the event has been performed. Other revenue is recorded as earned.

Government subsidies are recognized upon meeting eligibility criteria in the relevant subsidy period.

Measurement uncertainty

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities of the financial statements and the reported amounts of revenue and expenses during the reported period. Significant areas requiring the use of estimates include: going concern assumption, allowance for doubtful accounts and the estimated useful lives of capital assets. Actual results could differ from those estimates.

(continues)

RED DEER SYMPHONY ORCHESTRA ASSOCIATION

Notes to Financial Statements

Year Ended May 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Contributed services

Contributed materials and services are recognized in the financial statements when their fair value can be reasonably determined and they are used in the normal course of the Association's operations and would otherwise have been purchased.

The Association benefits from donated services in the form of volunteer time for various committees and fundraising events. Due to the difficulty of determining their fair value, these contributed services are not recognized in these financial statements.

Cash and cash equivalents

Cash and cash equivalents include cash on deposit, short-term deposits with a maturity of less than three months at acquisition and temporary bank overdrafts which form an integral part of the Association's cash management.

Capital assets

Capital assets are recorded at cost and are being amortized over their estimated useful lives. Capital grants are deferred and amortized to revenue at the same rate as the amortization of the capital asset acquired with the funds. Contributed capital assets are recorded at fair value at the date of acquisition. The annual amortization rates and methods are as follows:

Music library	20 years	straight-line
Office equipment	10 years	straight-line
Computer equipment	5 years	straight-line

Half a year of amortization is recorded in the year of acquisition and none is recorded in the year of disposal.

Financial instruments

The Association measures its financial instruments initially at fair value and subsequently measures them at amortized cost.

2. RESTRICTED CASH

Restricted cash consists of savings account deposits restricted by the Alberta Gaming Liquor and Cannabis (AGLC), whereby use of these funds is only available for qualifying and approved expenditures.

RED DEER SYMPHONY ORCHESTRA ASSOCIATION

Notes to Financial Statements

Year Ended May 31, 2021

3. CAPITAL ASSETS

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Music library	\$ 9,711	\$ 5,238	\$ 4,473	\$ 4,959
Office equipment	4,240	4,240	-	-
Computer equipment	3,630	3,630	-	-
	\$ 17,581	\$ 13,108	\$ 4,473	\$ 4,959

4. OPERATING LOAN

The Association has available a maximum \$25,000 line of credit. The line of credit bears interest at the bank's prime rate (currently 2.45%) plus 2.2% and is secured by a general security agreement. At year end, no amounts were drawn against the line of credit.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2021	2020
Trade payables and accruals	\$ 18,807	\$ 5,143
Government remittances payable	4,402	4,981
	\$ 23,209	\$ 10,124

6. DEFERRED REVENUE

	2021	2020
Deferred ticket sales	\$ -	\$ 17,650
Alberta Foundations for the Arts	-	13,760
Canada Council for the Arts	-	8,300
	\$ -	\$ 39,710

RED DEER SYMPHONY ORCHESTRA ASSOCIATION

Notes to Financial Statements

Year Ended May 31, 2021

7. GRANTS

	<u>2021</u>	<u>2020</u>
City of Red Deer	\$ 67,000	\$ 153,500
Alberta Foundations for the Arts	60,570	56,006
Canada Council for the Arts	29,400	23,500
Canada Summer Jobs program	1,981	-
	<u>\$ 158,951</u>	<u>\$ 233,006</u>

8. GOVERNMENT SUBSIDIES

In response to the pandemic, the Federal Government of Canada implemented emergency response programs which included the Canada Emergency Wage Subsidy (CEWS) and the Temporary Wage Subsidy for Employers (TWS), of which the Association qualified and received funding.

Subsequent to the year ending May 31, 2021, the Association received CEWS funding in amounts totalling \$36,072, the entirety of the balance has been included in accounts receivable in the 2021 fiscal year. Should it be determined that the Association did not meet the criteria legislated by the Department of Finance Canada in respect of these subsidies, the Association will be liable for full or partial repayment of amounts received.

9. DESIGNATED FUNDS

The Red Deer Symphony Orchestra Association is the beneficiary of two Designated Funds owned and administered by the Red Deer & District Community Foundation. The funds were created in 1991 and the income is available to the Association during its existence. As at December 31, 2020, the Red Deer Symphony Orchestra Lapalme Legacy Fund market value was \$151,199 (2019 - \$142,261) the Canadian Arts Heritage Sustainability Program Fund market value was \$95,373 (2019 - \$89,736). As beneficiary of the funds, the Red Deer Symphony Orchestra Association receives annual disbursements of net income earned by each fund. Annual disbursements to December 31, 2020 are \$7,716 (2019 - \$7,716).

10. COMMITMENTS

The Association has a letter of understanding, expiring September 2021, in place with Red Deer College for the Main Stage rental for its performances totalling \$2,000 per performance which covers rental and stage crew only.

The Association has an agreement with the Calgary Musician's Association. If a concert does not take place, the Association is liable for fifty percent of the musicians fees based on the set service rates.

11. ECONOMIC DEPENDENCE

The Association is dependent on funding from government grants to maintain its operations. If funding was not received, its operations would be significantly reduced.

RED DEER SYMPHONY ORCHESTRA ASSOCIATION

Notes to Financial Statements

Year Ended May 31, 2021

12. FINANCIAL INSTRUMENTS

The Association is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Association's risk exposure and concentration as of May 31, 2021.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Association manages exposure through its normal operating and financing activities. The Association is exposed to interest rate risk primarily through its floating interest rate operating loan and credit facilities.

13. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform to the current year's presentation.

14. BUDGET AMOUNTS

The 2021 budget amounts have not been audited or reviewed and are provided for information purposes only.

RED DEER SYMPHONY ORCHESTRA ASSOCIATION

Schedule of Unrestricted Revenues

(Schedule 1)

Year Ended May 31, 2021

	Budget	2021	2020
Grants <i>(Note 7)</i>	\$ 153,500	\$ 158,951	\$ 233,006
Government subsidies <i>(Note 8)</i>	-	73,220	20,679
Donations in kind	30,000	26,234	17,800
Sponsorship	10,000	14,986	25,883
Cash donations	30,000	13,333	29,146
Designated funds and interest income	9,600	7,716	7,724
Membership and ticket sales	4,200	5,650	109,741
Good and Services Tax rebate	3,000	93	2,604
Season program advertising	-	-	6,810
Fundraising	-	-	6,225
	<u>\$ 240,300</u>	<u>\$ 300,183</u>	<u>\$ 459,618</u>

RED DEER SYMPHONY ORCHESTRA ASSOCIATION

Schedule of Unrestricted Administrative Expenses

(Schedule 2)

Year Ended May 31, 2021

	Budget	2021	2020
EXPENSES			
Wages and benefits	\$ 78,882	\$ 60,519	\$ 77,555
Professional fees	6,500	4,463	2,300
Office	4,500	3,729	2,233
Rent	5,195	3,463	3,175
Insurance	2,300	2,337	1,470
Telephone	1,800	1,981	1,542
Advertising and promotion	-	929	2,727
Interest and bank charges	5,300	744	6,258
Memberships and licences	710	409	50
Courier and shipping	660	340	1,926
	<u>\$ 105,847</u>	<u>\$ 78,914</u>	<u>\$ 99,236</u>