

**RED DEER SYMPHONY ORCHESTRA ASSOCIATION**

**Financial Statements**

**Year Ended May 31, 2022**



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## INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

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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, 2022, 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, 2022, and the results of its operations and its cash flows for the year then ended in accordance with ASNPO.


CHARTERED PROFESSIONAL ACCOUNTANTS


Red Deer, AB  
September 27, 2022

**RED DEER SYMPHONY ORCHESTRA ASSOCIATION**  
**Statement of Financial Position**  
**May 31, 2022**

	2022	2021
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 209,529	\$ 98,407
Internally restricted cash <i>(Note 2)</i>	20,143	-
Restricted cash <i>(Note 3)</i>	3,173	6,829
Accounts receivable	31,205	46,342
Prepaid expenses	7,513	-
	271,563	151,578
<b>CAPITAL ASSETS <i>(Note 4)</i></b>	<b>3,988</b>	<b>4,473</b>
	<b>\$ 275,551</b>	<b>\$ 156,051</b>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities <i>(Note 6)</i>	\$ 58,192	\$ 23,209
Deferred revenue <i>(Note 7)</i>	30,544	16,000
	88,736	39,209
<b>NET ASSETS</b>		
UNRESTRICTED	159,510	105,540
INVESTED IN CAPITAL ASSETS	3,987	4,473
RESTRICTED	3,175	6,829
INTERNALLY RESTRICTED	20,143	-
	186,815	116,842
	<b>\$ 275,551</b>	<b>\$ 156,051</b>

**APPROVED ON BEHALF OF THE BOARD**

  
 \_\_\_\_\_ Member

  
 \_\_\_\_\_ Member

**RED DEER SYMPHONY ORCHESTRA ASSOCIATION**

**Statement of Operations**

**Year Ended May 31, 2022**

	Budget	2022	2021
<b>UNRESTRICTED REVENUES</b> <i>(Schedule 1)</i>	\$ 247,938	\$ 366,900	\$ 292,183
<b>UNRESTRICTED COST OF PRODUCTIONS</b>			
Online events	31,180	94,739	16,188
Conductor salary	63,617	64,119	59,417
Facilities rent	-	6,342	840
Advertising in kind	30,000	5,900	26,234
Fundraising	500	5,608	-
Other event production costs	17,200	1,690	626
Personnel manager	-	1,503	-
Music and royalties	-	1,051	335
Advertising and marketing	-	780	786
Musicians, soloists and benefits	5,400	730	6,066
Librarian	-	350	574
	<u>147,897</u>	<u>182,812</u>	<u>111,066</u>
<b>GROSS PROFIT</b>	100,041	184,088	181,117
<b>UNRESTRICTED AMINISTRATIVE EXPENSES</b> <i>(Schedule 2)</i>	<u>98,607</u>	<u>109,983</u>	<u>78,914</u>
<b>EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS</b>	<u>1,434</u>	<u>74,105</u>	<u>102,203</u>
<b>RESTRICTED INCOME (EXPENSES)</b>			
Raffle and casino revenues	5,000	20,724	-
Fundraising expenses	(2,100)	(2,087)	-
Musicians, soloists and benefits	-	(22,283)	-
	<u>2,900</u>	<u>(3,646)</u>	<u>-</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<u>\$ 4,334</u>	<u>\$ 70,459</u>	<u>\$ 102,203</u>

**RED DEER SYMPHONY ORCHESTRA ASSOCIATION**  
**Statement of Changes in Net Assets**  
**Year Ended May 31, 2022**

	Unrestricted	Invested in Capital Assets	Restricted	Internally Restricted	2022	2021
<b>NET ASSETS AT BEGINNING OF YEAR</b>						
As previously reported	\$ 121,540	\$ 4,473	\$ 6,829	\$ -	\$ 132,842	\$ 23,125
Correction of a prior period error ( <i>Note 10</i> )	(16,000)	-	-	-	(16,000)	(8,000)
As restated	105,540	4,473	6,829	-	116,842	15,125
Excess of revenue over expenses	74,105	-	(3,646)	-	70,459	102,203
Amortization	-	(486)	-	-	(486)	(486)
Transfers from unrestricted	(20,135)	-	(8)	20,143	-	-
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 159,510</b>	<b>\$ 3,987</b>	<b>\$ 3,175</b>	<b>\$ 20,143</b>	<b>\$ 186,815</b>	<b>\$ 116,842</b>

**RED DEER SYMPHONY ORCHESTRA ASSOCIATION**

**Statement of Cash Flows**

**Year Ended May 31, 2022**

	2022	2021
<b>OPERATING ACTIVITIES</b>		
Cash receipts from government assistance and donors	\$ 411,404	\$ 222,000
Cash paid to suppliers and employees	(282,720)	(149,129)
Interest paid	(1,075)	(744)
	<u>127,609</u>	<u>72,127</u>
<b>INCREASE IN CASH FLOW</b>		
	127,609	72,127
Cash at beginning of year	<u>105,236</u>	<u>33,109</u>
<b>CASH AT END OF YEAR</b>	<u>\$ 232,845</u>	<u>\$ 105,236</u>
<b>CASH CONSISTS OF:</b>		
Cash	\$ 209,529	\$ 98,407
Internally restricted cash (Note 2)	20,143	-
Restricted cash (Note 3)	3,173	6,829
	<u>-</u>	<u>-</u>
	<u>\$ 232,845</u>	<u>\$ 105,236</u>

Excluded from the statement of cash flows are \$5,900 (2021 - \$26,234) of donations in kind for advertising.

# RED DEER SYMPHONY ORCHESTRA ASSOCIATION

## Notes to Financial Statements

Year Ended May 31, 2022

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### 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.

Internally Restricted: represents internally restricted funds which the use of funds are subject to approval by the Association's board of directors.

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.

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# RED DEER SYMPHONY ORCHESTRA ASSOCIATION

## Notes to Financial Statements

Year Ended May 31, 2022

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

#### 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.

#### 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
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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. INTERNALLY RESTRICTED CASH

Internally restricted cash consists of a savings account restricted by the Association's board of directors, whereby use of these funds is only available for approved expenditures, as per the cash reserve policy.



**RED DEER SYMPHONY ORCHESTRA ASSOCIATION**

**Notes to Financial Statements**

**Year Ended May 31, 2022**

3. 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.

4. CAPITAL ASSETS

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Music library	\$ 9,711	\$ 5,723	\$ 3,988	\$ 4,473

5. 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 5.45%) plus 2.2% and is secured by a general security agreement. At year end, no amounts were drawn against the line of credit.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2022	2021
Trade payables and accruals	\$ 52,680	\$ 18,807
Government remittances payable	5,512	4,402
	\$ 58,192	\$ 23,209

7. DEFERRED REVENUE

	2022	2021
Government of Alberta	\$ 18,200	\$ -
City of Red Deer	8,000	16,000
Canada Council for the Arts	4,344	-
	\$ 30,544	\$ 16,000

## RED DEER SYMPHONY ORCHESTRA ASSOCIATION

### Notes to Financial Statements

Year Ended May 31, 2022

#### 8. GRANTS

	2022	2021
Canada Council for the Arts	\$ 124,156	\$ 29,400
City of Red Deer	59,000	59,000
Alberta Foundations for the Arts	55,039	60,570
Rosza Foundation	11,500	-
ArtsVest	3,634	-
Community Foundations of Canada	3,294	-
Canada Summer Jobs program	-	1,981
	<u>\$ 256,623</u>	<u>\$ 150,951</u>

#### 9. 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. During the year ended May 31, 2022, the Association received CEWS funding in amounts totalling \$17,795 (2021 - \$73,220).

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.

#### 10. CORRECTION OF A PRIOR PERIOD ERROR

As a result of the correction of errors in accounting for deferred revenue in prior years, the balance of the General Fund net assets at May 31, 2021 has been decreased by \$16,000, representing the amount by which deferred revenue at that date have increased. Of the \$16,000, \$8,000 is applicable to 2021 and earnings in that year have been decreased accordingly. The balance of \$8,000 is applicable to years prior to June 1, 2021 and the General Fund net assets at that date has been adjusted accordingly.

#### 11. 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, 2021, the Red Deer Symphony Orchestra Lapalme Legacy Fund market value was \$155,149 (2020 - \$151,199) the Canadian Arts Heritage Sustainability Program Fund market value was \$97,865 (2020 - \$95,373). 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, 2021 are \$6,641 (2020 - \$7,716).

## RED DEER SYMPHONY ORCHESTRA ASSOCIATION

### Notes to Financial Statements

Year Ended May 31, 2022

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#### 12. COMMITMENTS

The Association has a letter of understanding in place with Red Deer Polytechnic for the Main Stage rental for its performances totalling \$2,200 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.

#### 13. ECONOMIC DEPENDENCE

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

#### 14. FINANCIAL INSTRUMENTS

The organization 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 organization's risk exposure and concentration as of May 31, 2022.

##### 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 organization manages exposure through its normal operating and financing activities. The organization is exposed to interest rate risk primarily through its floating interest rate operating loan and credit facilities.

#### 15. COMPARATIVE FIGURES

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

#### 16. BUDGET AMOUNTS

The 2022 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, 2022**

	Budget	2022	2021
Grants <i>(Note 8)</i>	\$ 152,038	\$ <b>256,623</b>	\$ 150,951
Cash donations	18,800	<b>36,451</b>	13,333
Membership and ticket sales	12,000	<b>23,847</b>	5,650
Government subsidies <i>(Note 9)</i>	-	<b>17,795</b>	73,220
Sponsorship	27,500	<b>17,000</b>	15,000
Designated funds and interest income	7,600	<b>9,257</b>	7,702
Donations in kind	30,000	<b>5,900</b>	26,234
Good and Services Tax rebate	-	<b>27</b>	93
	<u>\$ 247,938</u>	<u>\$ <b>366,900</b></u>	<u>\$ 292,183</u>

RED DEER SYMPHONY ORCHESTRA ASSOCIATION

Schedule of Unrestricted Administrative Expenses

(Schedule 2)

Year Ended May 31, 2022

	Budget	2022	2021
<b>EXPENSES</b>			
Wages and benefits	\$ 66,363	\$ 68,352	\$ 60,519
Professional fees	6,500	19,550	4,463
Rent	6,516	7,289	3,463
Advertising and promotion	4,335	4,983	929
Office	4,296	4,048	3,729
Insurance	2,497	2,129	2,337
Telephone	2,100	1,921	1,981
Interest and bank charges	5,300	1,075	744
Memberships and licences	700	363	409
Courier and shipping	-	273	340
	<u>\$ 98,607</u>	<u>\$ 109,983</u>	<u>\$ 78,914</u>