RED DEER SYMPHONY ORCHESTRA ASSOCIATION

Financial Statements

Year Ended May 31, 2025

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 (the Association) that comprise the statement of financial position as at May 31, 2025, 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, 2025, and the results of its operations and its cash flows for the year then ended in accordance with ASNPO.

Red Deer, AB
September 8, 2025

CHARTERED PROFESSIONAL ACCOUNTANTS

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RED DEER SYMPHONY ORCHESTRA ASSOCIATION

Statement of Financial Position

May 31, 2025

		2025		2024
ASSETS				
CURRENT				
Cash	**$**	**185,134**	$	105,965
Internally restricted cash *(Note 2)*		**31,435**		30,935
Restricted cash *(Note 3)*		**39,096**		7,190
Accounts receivable		**16,425**		7,252
		272,090		151,342
CAPITAL ASSETS *(Note 4)*		**3,762**		4,659
	$	**275,852**	$	156,001
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities *(Note 6)*	**$**	**13,435**	$	16,058
Deferred revenue *(Note 7)*		**106,063**		32,555
		119,498		48,613
NET ASSETS				
UNRESTRICTED		**82,060**		64,604
INVESTED IN CAPITAL ASSETS		**3,763**		4,659
RESTRICTED		**39,096**		7,190
INTERNALLY RESTRICTED		**31,435**		30,935
		156,354		107,388
	$	**275,852**	$	156,001

COMMITMENTS *(Note 10)*

APPROVED ON BEHALF OF THE BOARD

Anita Thomas _____________ *Member*

_____________ *Member*

RED DEER SYMPHONY ORCHESTRA ASSOCIATION

Statement of Operations

Year Ended May 31, 2025

	Budget	2025	2024
UNRESTRICTED REVENUES *(Schedule 1)*	$ 442,902	**$ 531,170**	$ 526,058
UNRESTRICTED COST OF PRODUCTIONS			
Musicians, soloists and benefits	101,026	**91,093**	80,099
Conductor salary	67,492	**71,410**	70,915
Advertising in kind	30,000	**69,455**	48,720
Community programming	32,400	**67,127**	96,126
Facilities rent	26,229	**18,409**	18,737
Personnel manager	6,798	**6,337**	3,852
Musicians travel	11,805	**6,355**	12,102
Sold services	8,600	**4,866**	2,576
Advertising and marketing	10,300	**3,532**	5,103
Fundraising	500	**1,328**	869
Music and royalties	3,936	**1,035**	2,083
	299,086	**340,947**	341,182
GROSS PROFIT	143,816	**190,223**	184,876
UNRESTRICTED ADMINISTRATIVE EXPENSES *(Schedule 2)*	145,786	**125,732**	203,292
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FROM OPERATIONS	(1,970)	**64,491**	(18,416)
RESTRICTED INCOME (EXPENSES)			
Raffle and casino revenues	6,000	**36,773**	3,520
Restricted donations in kind	-	**1,050**	1,135
Interest income	-	**500**	495
Fundraising expenses	(3,600)	**(2,702)**	(1,535)
Endowment contribution *(Note 9)*	-	**(50,250)**	-
	2,400	**(14,629)**	3,615
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	$ 430	**$ 49,862**	$ (14,801)

RED DEER SYMPHONY ORCHESTRA ASSOCIATION

Statement of Changes in Net Assets

Year Ended May 31, 2025

	Unrestricted	Invested in Capital Assets	Restricted	Internally Restricted	2025	2024
NET ASSETS AT BEGINNING OF YEAR	$ 64,604	$ 4,659	$ 7,190	$ 30,935	$ 107,388	$ 123,083
Excess (deficiency) of revenue over expenses	17,456	-	31,906	500	49,862	(14,801)
Amortization	-	(896)	-	-	(896)	(894)
Purchase of capital assets	-	-	-	-	-	-
NET ASSETS AT END OF YEAR	$ 82,060	$ 3,763	$ 39,096	$ 31,435	$ 156,354	$ 107,388

RED DEER SYMPHONY ORCHESTRA ASSOCIATION

Statement of Cash Flows

Year Ended May 31, 2025

		2025		2024
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash receipts from government assistance, sponsors and ticket holders	$	**510,526**	$	385,691
Cash paid to suppliers and employees		**(398,110)**		(465,644)
Interest paid		**(841)**		(2,029)
		111,575		(81,982)
CASH FLOWS FROM INVESTING ACTIVITY				
Purchase of capital assets		**-**		(2,052)
		-		(2,052)
INCREASE (DECREASE) IN CASH		**111,575**		(84,034)
CASH AT BEGINNING OF YEAR		**144,090**		228,124
CASH AT END OF YEAR	**$**	**255,665**	$	144,090
CASH CONSISTS OF:				
Cash	**$**	**185,134**	$	105,965
Restricted cash *(Note 3)*		**39,096**		7,190
Internally restricted cash *(Note 2)*		**31,435**		30,935
	$	**255,665**	$	144,090

Excluded from the statement of cash flows are $84,281 (2024 - $71,694) of donations in kind for advertising; and $1,050 (2024 - $1,135) of resticted donations in kind for raffle.

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

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Examples of significant estimates include:

- the estimated useful lives of assets and resulting amortization of property and equipment
- the recoverability of long-lived assests

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
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.

The carrying amount of an item of property and equipment is tested for recoverability whenever events or changes in circumstances indicate the carrying amount may not be recoverable. An impairment loss is recognized when the asset's carrying amount in not recoverable and exceeds its fair value.

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

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.

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	**2025 Net book value**	2024 Net book value
Music library	$ 9,711	$ 7,180	$ **2,531**	$ 3,017
Computer equipment	4,231	3,000	**1,231**	1,642
	$ 13,942	$ 10,180	$ **3,762**	$ 4,659

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 4.95%) 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

	2025	2024
Trade payables and accruals	$ **6,848**	$ 10,849
Government remittances payable	**6,587**	5,209
	$ **13,435**	$ 16,058

7. DEFERRED REVENUE

		2025		2024
Alberta Foundation for the Arts	$	**57,711**	$	-
City of Red Deer		**23,500**		23,500
Canada Council for the Arts		**23,500**		-
Sponsorships		**1,352**		1,000
Seasonal tickets		-		7,155
Music + Explorers School Fees		-		900
	$	**106,063**	$	32,555

8. GRANTS

		2025		2024
Alberta Foundations for the Arts	$	**52,398**	$	52,398
City of Red Deer		**47,000**		48,900
Canada Council for the Arts		**23,500**		23,500
National Arts Centre		**6,527**		4,000
Community Foundations of Canada		-		22,584
Community Services Recovery Fund		-		69,000
	$	**129,425**	$	220,382

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 March 31, 2025, the Red Deer Symphony Orchestra Lapalme Legacy Fund market value was $206,280 (2024 - $140,612) the Canadian Arts Heritage Sustainability Program Fund market value was $96,212 (2024 - $88,695). As beneficiary of the funds, the Red Deer Symphony Orchestra Association has the option to receive annual disbursements of net income earned by each fund. Annual disbursements to March 31, 2025 is nil (2024 - $9,654).

During the year, the Association contributed $50,250 (2024- nil) to the Lapalme Legacy Fund.

10. 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.

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.

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, 2025.

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 2025 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, 2025

	Budget	**2025**	2024
Membership and ticket sales	$ 137,760	**$ 163,902**	$ 142,580
Grants *(Note 8)*	127,398	**129,425**	220,382
Cash donations	39,000	**87,789**	42,703
Donations in kind	30,000	**84,281**	71,694
Sponsorship	88,000	**59,343**	30,003
Season program advertising	11,744	**3,395**	6,490
Good and Services Tax rebate	-	**3,035**	2,552
Designated funds and interest income	9,000	**-**	9,654
	$ 442,902	**$ 531,170**	$ 526,058

RED DEER SYMPHONY ORCHESTRA ASSOCIATION

Schedule of Unrestricted Administrative Expenses

(Schedule 2)

Year Ended May 31, 2025

	Budget	**2025**	2024
EXPENSES			
Wages and benefits	$ 115,071	**$ 100,803**	$ 108,631
Rent	10,440	**8,047**	10,483
Professional fees	7,000	**6,175**	6,000
Advertising and promotion	1,200	**4,227**	70,581
Office	6,010	**2,539**	2,967
Insurance	1,800	**1,829**	1,743
Interest and bank charges	2,830	**841**	2,029
Memberships and licences	775	**689**	488
Courier and shipping	660	**582**	370
	$ 145,786	**$ 125,732**	$ 203,292