

**PRINCE GEORGE SYMPHONY  
ORCHESTRA SOCIETY**

**Financial Statements**

**May 31, 2018**

**(unaudited)**



## INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

### To the Members of the Board of Prince George Symphony Orchestra Society

We have reviewed the accompanying financial statements of Prince George Symphony Orchestra Society, which comprise the statement of financial position as at May 31, 2018, and the statements of operations, changes in fund balances 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, 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, 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 financial statements do not present fairly, in all material respects, the financial position of Prince George Symphony Orchestra Society as at May 31, 2018, 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.

Prince George, BC  
October 30, 2018

*PricewaterhouseCoopers LLP*  
Chartered Professional Accountants

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

**PRINCE GEORGE SYMPHONY ORCHESTRA SOCIETY**  
**STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCES**

For the year ended May 31, 2018

(unaudited)

	Operating Fund	Capital Fund	Appropriated Fund	Internally Restricted Funds	Total 2018	Total 2017
<b>REVENUE</b>						
Program (Schedule 1)	\$ 445,016	\$ -	\$ -	\$ -	\$ 445,016	\$ 444,300
Sistema (Schedule 3)	2,100	-	-	-	2,100	2,582
Interest	6,515	-	-	47	6,562	8,917
Loss on sale of capital asset	-	-	-	-	-	(472)
	<u>453,631</u>	<u>-</u>	<u>-</u>	<u>47</u>	<u>453,678</u>	<u>455,327</u>
<b>EXPENDITURE</b>						
Program (Schedule 2)	390,179	-	-	-	390,179	384,014
Sistema (Schedule 3)	6,224	-	-	-	6,224	15,465
Amortization	-	4,092	-	-	4,092	4,337
	<u>396,403</u>	<u>4,092</u>	<u>-</u>	<u>-</u>	<u>400,495</u>	<u>403,816</u>
<b>REVENUE (EXCESS EXPENDITURE) FOR THE YEAR</b>	57,228	(4,092)	-	47	53,183	51,511
<b>FUND BALANCES AT BEGINNING OF THE YEAR</b>	(51,822)	15,242	2,242	12,741	(21,597)	(73,108)
<b>INTERFUND TRANSFERS</b>						
Transfer from appropriated fund	2,242	-	(2,242)	-	-	-
Transfer to internally restricted fund	(267)	-	-	267	-	-
Transfer from internally restricted fund	2,000	-	-	(2,000)	-	-
Acquisition and disposition of tangible capital assets	(4,392)	4,392	-	-	-	-
<b>FUND BALANCES AT END OF THE YEAR</b>	<u>\$ 4,989</u>	<u>\$ 15,542</u>	<u>\$ -</u>	<u>\$ 11,055</u>	<u>\$ 31,586</u>	<u>\$ (21,597)</u>

See notes to the financial statements.

PRINCE GEORGE SYMPHONY ORCHESTRA SOCIETY

STATEMENTS OF FINANCIAL POSITION

May 31, 2018

(unaudited)

ASSETS

	Operating Fund	Capital Fund	Appropriated Funds	Internally Restricted Funds	Total 2018	Total 2017
<b>CURRENT ASSETS</b>						
Cash	\$ -	\$ -	\$ -	\$ 11,055	\$ 11,055	\$ 12,741
Accounts receivable (Note 3)	14,493	-	-	-	14,493	1,471
Prepaid expenses	2,218	-	-	-	2,218	2,975
	16,711	-	-	11,055	27,766	17,187
<b>TANGIBLE CAPITAL ASSETS (Note 4)</b>	-	15,542	-	-	15,542	15,242
<b>INVESTMENT (Note 5)</b>	916	-	-	-	916	916
<b>DUE FROM OPERATING FUND</b>	-	-	-	-	-	2,242
	<u>\$ 17,627</u>	<u>\$ 15,542</u>	<u>\$ -</u>	<u>\$ 11,055</u>	<u>\$ 44,224</u>	<u>\$ 35,587</u>

LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES</b>						
Bank overdraft	\$ 5,714	\$ -	\$ -	\$ -	\$ 5,714	\$ 13,461
Accounts payable and accrued liabilities (Note 7)	1,735	-	-	-	1,735	13,089
Short-term loans (Note 8)	-	-	-	-	-	5,000
Unearned revenue (Note 10)	5,189	-	-	-	5,189	5,659
Current portion of long-term debt (Note 9)	-	-	-	-	-	1,267
	12,638	-	-	-	12,638	38,476
<b>LONG-TERM DEBT (Note 9)</b>	-	-	-	-	-	16,466
<b>DUE TO APPROPRIATED FUNDS</b>	-	-	-	-	-	2,242
	<u>12,638</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,638</u>	<u>57,184</u>
<b>NET ASSETS</b>						
Investment in Capital Fund	-	15,542	-	-	15,542	15,242
Internally restricted funds (Note 11)	-	-	-	11,055	11,055	12,741
Appropriated Funds - Internally restricted	-	-	-	-	-	2,242
Operating Fund - Unrestricted	4,989	-	-	-	4,989	(51,822)
Approved by the Board:	4,989	15,542	-	11,055	31,586	(21,597)
_____ Director	<u>\$ 17,627</u>	<u>\$ 15,542</u>	<u>\$ -</u>	<u>\$ 11,055</u>	<u>\$ 44,224</u>	<u>\$ 35,587</u>
_____ Director						

See notes to the financial statements.

**PRINCE GEORGE SYMPHONY ORCHESTRA SOCIETY**

**STATEMENTS OF CASH FLOW**

**For the year ended May 31, 2018**

**(unaudited)**

	<u>2018</u>	<u>2017</u>
<b>OPERATING ACTIVITIES</b>		
Excess revenue (expenditure) for the year	\$ 53,183	\$ 51,511
Add: Item not involving cash		
Amortization	4,092	4,337
Loss on sale of capital assets	-	472
	<u>57,275</u>	<u>56,320</u>
Changes in non-cash working capital items:		
Accounts receivable	(13,022)	303
Prepaid expenses	757	10,233
Accounts payable and accrued liabilities	(11,354)	(38,295)
Unearned revenue	(470)	(1,518)
	<u>(24,089)</u>	<u>(29,277)</u>
Cash from (to) operations	<u>33,186</u>	<u>27,043</u>
<b>INVESTING ACTIVITIES</b>		
Acquisition of tangible capital assets	<u>(4,392)</u>	<u>(170)</u>
<b>FINANCING ACTIVITIES</b>		
(Repayment of) advance from short-term loans	(5,000)	(18,000)
(Repayment of) long-term debt	(17,733)	(3,000)
	<u>(22,733)</u>	<u>(21,000)</u>
<b>INCREASE (DECREASE) IN CASH DURING THE YEAR</b>	<b>6,061</b>	<b>5,873</b>
<b>DEFICIENCY AT BEGINNING OF THE YEAR</b>	<u>(720)</u>	<u>(6,593)</u>
<b>CASH (DEFICIENCY) AT END OF THE YEAR</b>	<u>\$ 5,341</u>	<u>\$ (720)</u>
<b>CASH (DEFICIENCY) IS COMPRISED OF:</b>		
Cash	11,055	12,741
Bank overdraft	(5,714)	13,461
	<u>\$ 5,341</u>	<u>\$ (720)</u>

See notes to the financial statements.

**PRINCE GEORGE SYMPHONY ORCHESTRA SOCIETY**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended May 31, 2018**

**(unaudited)**

**1. OPERATIONS**

The Society is a not-for-profit organization incorporated under the Society Act of the Province of British Columbia and registered as a charitable organization under the Income Tax Act. Its mandate is to provide symphonic and orchestral music to the citizens of British Columbia northern interior.

**2. SIGNIFICANT ACCOUNTING POLICIES**

Basis for Presentation

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Fund Accounting

The Society classifies revenues and expenditures for accounting and reporting purposes into funds according to the activity or objective specified.

The Operating Fund accounts for the operating and administrative revenues and expenditures related to concert operations, fundraising activities and administrative expenditures.

The Capital Fund accounts for the acquisition, disposal and amortization of tangible capital assets.

The Appropriated Funds are amounts designated for the Mentorship Program. Funds are transferred between appropriated funds as directed by the General Manager.

The Internally Restricted Fund accounts for the contributions, interest income, transfers and disbursements from the John Unsworth Legacy Fund, Charlie Boyd Memorial Fund, the Wallace Leung Memorial Fund and the Bob Lamour Memorial Fund.

Revenue Recognition

- i) Revenue from ticket sales, corporate concert sponsorships and program advertisers is recognized at the date of the related performance.
- ii) Donations are treated as revenue at the time they are received, unless they are specifically designated by the donor to a particular fiscal year.
- iii) The Society uses the restricted fund method of fund accounting, whereby contributions are recognized as revenue in the period that they are earned. These funds include the Operating Fund, Capital Fund, Appropriated Fund and the Trust Funds.

PRINCE GEORGE SYMPHONY ORCHESTRA SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

For the year ended May 31, 2018

(unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES, continued

Cash and Cash Equivalents

Cash and cash equivalents is considered by management to be cash on hand and cash on deposit.

Tangible Capital Assets and Amortization

Tangible capital assets purchased are recorded at cost. Donated tangible capital assets are recorded at estimated fair value at the time the donation is made. Amortization is provided for on the following bases and annual rates:

Music library	20%	Declining balance
Musical instruments	20%	Declining balance
Office furniture	20%	Declining balance
Computer equipment	30% - 55%	Declining balance
Orchestra chairs	20%	Declining balance
Sistema violins	20%	Declining balance
Intangible assets (website)	20%	Straight line

Donated Services and Supplies

Donated services and supplies are recorded, at fair value, only when they are for items normally purchased by the Society.

In 2018, approximately 100 volunteers contributed approximately 6,515 hours to assist the Society in carrying out its service activities. The fair value of these contributed services cannot be determined accurately and are not reflected in these financial statements.

Allocations of Expenses

Expenses that contribute directly to the output of more than one function are attributed on a reasonable and consistent basis to each function to which they apply. The basis of allocation used is determined by budgets prepared by management and approved by the funding authorities.

Use of Estimates

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 at the date of the financial statements, and the reported amounts of revenue and expenditure during the year. Actual results could differ from management's best estimates as additional information becomes available in the future. Significant estimates include the useful life of tangible capital assets and unearned revenue.

PRINCE GEORGE SYMPHONY ORCHESTRA SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

For the year ended May 31, 2018

(unaudited)

2. **SIGNIFICANT ACCOUNTING POLICIES, continued**

Financial Instruments

*Measurement of financial instruments*

The entity initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions. The entity subsequently measures all its financial assets and financial liabilities at cost.

Financial assets measured at cost include cash, accounts receivable and investments.

Financial liabilities measured at cost include bank overdraft, line of credit, short-term loans, accounts payable and accrued liabilities, and long-term debt.

*Impairment*

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

*Transaction costs*

The entity recognizes its transaction costs in net income in the period incurred. However, the carrying amount of the financial instruments that will not be subsequently measured at fair value is reflected in the transaction costs that are directly attributable to their origination, issuance or assumption.

3. **ACCOUNTS RECEIVABLE**

	<u>2018</u>	<u>2017</u>
Accounts receivable	\$ 12,944	\$ 1,471
Government remittances receivable - GST	1,549	-
	<u>\$ 14,493</u>	<u>\$ 1,471</u>



**PRINCE GEORGE SYMPHONY ORCHESTRA SOCIETY**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended May 31, 2018

(unaudited)

**4. TANGIBLE CAPITAL ASSETS**

	2018		2017	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Music library	\$ 89,325	\$ 83,612	\$ 5,713	\$ 7,142
Musical instruments	32,235	28,650	3,585	871
Office furniture	24,779	22,524	2,255	2,636
Computer equipment	13,887	13,096	791	597
Orchestra chairs	5,610	3,542	2,068	2,584
Sistema violins	3,064	1,934	1,130	1,412
Intangible assets (website)	6,285	6,285	-	-
	\$ 175,185	\$ 159,643	\$ 15,542	\$ 15,242

**5. INVESTMENTS**

The Society is the owner and beneficiary of a life insurance policy. The interest in the life insurance policy is recorded at its cash surrender value. The cash surrender value of the policy is \$916. The total coverage provided for under the policy is \$100,000.

**6. LINE OF CREDIT**

The Society has an authorized line of credit of \$15,000 with the Royal Bank of Canada, at a rate of bank prime plus 3.5%, secured by a general security agreement. As at May 31, 2018, the Society had a nil (2017 – nil) balance on the line of credit.

**7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	2018	2017
Accounts payable and accrued liabilities	\$ 1,721	\$ 12,467
Government remittances - payroll, PST, WCB	13	622
	\$ 1,734	\$ 13,089

**8. SHORT-TERM LOANS AND RELATED PARTY TRANSACTIONS**

As of May 31, 2018, the Society had a short-term loan due to management for \$nil (2017 – \$5,000).

Short-term loans are unsecured, non-interest bearing and repayable within one year.

**PRINCE GEORGE SYMPHONY ORCHESTRA SOCIETY**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended May 31, 2018

(unaudited)

**9. LONG-TERM DEBT**

	<u>2018</u>	<u>2017</u>
City of Prince George, non-interest bearing, unsecured with no specific terms of repayment, due on or before July 1, 2030	\$ -	\$ 17,733
Less: Current Portion	<u>-</u>	<u>1,267</u>
	<u><u>\$ -</u></u>	<u><u>\$ 16,466</u></u>

**10. UNEARNED REVENUE**

	<u>2018</u>	<u>2017</u> (restated)
RDFFG	\$ 5,000	\$ -
Season ticket subscriptions	<u>189</u>	<u>5,659</u>
	<u><u>\$ 5,189</u></u>	<u><u>\$ 5,659</u></u>

**11. INTERNALLY RESTRICTED FUNDS**

	<u>John Unsworth Legacy Fund</u>	<u>Charlie Boyd Memorial Fund</u>	<u>Wallace Leung Memorial Fund</u>	<u>Bob Lamour Memorial Fund</u>	<u>2018 Total</u>	<u>2017 Total</u>
Balance at beginning of year	\$ 2,658	\$ 6,186	\$ 3,188	\$ 709	\$ 12,741	\$ 12,697
Interest	-	-	47	-	47	44
Transfer from operating	-	-	267	-	267	-
Transfer to operating	(2,000)	-	-	-	(2,000)	-
Balance at end of the year	<u><u>\$ 658</u></u>	<u><u>\$ 6,186</u></u>	<u><u>\$ 3,502</u></u>	<u><u>\$ 709</u></u>	<u><u>\$ 11,055</u></u>	<u><u>\$ 12,741</u></u>

PRINCE GEORGE SYMPHONY ORCHESTRA SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

For the year ended May 31, 2018

(unaudited)

12. ENDOWMENT FUND

The Society's Endowment Fund is held in trust and administered by the Prince George Community Foundation and is used to support the activities of the Society. As the Prince George Community Foundation has a fiscal year-end of August 31, the Fund's activities are presented accordingly as follows:

	<u>August 31,</u> <u>2017</u>	<u>August 31,</u> <u>2016</u>
Balance at beginning of the year	\$ 194,911	\$ 191,532
Contributions	-	500
Grants paid out	(8,873)	(8,302)
Investment income	<u>8,955</u>	<u>11,181</u>
Balance at end of the year	<u>\$ 194,993</u>	<u>\$ 194,911</u>

The Endowment Fund will remain a permanent asset of the Prince George Community Foundation, therefore, the fund balance is not presented as part of these financial statements.

13. LEASE COMMITMENTS

The Society operates from premises leased for \$482 per month. The lease expires April 2019 and is renewed on an annual basis.

14. FINANCIAL INSTRUMENTS

The entity is exposed to various risks through its financial instruments, without being exposed to concentrations of risks. The following analysis provides a measure of the entity's risk exposure as at May 31, 2018:

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The entity is exposed to this risk mainly in respect of its accounts payable and accrued liabilities, bank overdraft, line of credit, short-term loans, and long-term debt.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The entity's main credit risks relate to its accounts receivables. The Corporation provides credit to its clients in the normal course of its operations.

**PRINCE GEORGE SYMPHONY ORCHESTRA SOCIETY**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended May 31, 2018**

**(unaudited)**

**14. FINANCIAL INSTRUMENTS, continued**

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The entity is mainly exposed to interest rate risk which management deems to be low.

Interest rate risk

The Society is exposed to interest rate risk in respect of its bank overdraft and line of credit with floating rates of interest.

**15. NON-MONETARY TRANSACTIONS**

During the year, the Society exchanged performances tickets, sponsorships and program advertising for media advertising services. These transactions are accounted for at the market value of the services provided, which during the year totaled \$7,276 (2017 - \$28,384).

**16. BRITISH COLUMBIA SOCIETY ACT DISCLOSURES**

a) Remuneration of directors

Remuneration paid to elected directors for the year ended March 31, 2018 was \$nil.

b) Compensation for employees in excess of \$75,000 for the year ended March 31, 2018 was \$nil.

**17. PRIOR PERIOD ADJUSTMENT**

During the year, management determined that revenue was understated by \$1,500 for the year ended May 31, 2017 and deferred revenue was overstated by \$59,500, as at May 31, 2017.

In addition, fund balances were understated by \$58,000 for the year ended May 31, 2017.

As a result of the restatements, net assets have increased by \$59,500 for the year ended May 31, 2017.

## PRINCE GEORGE SYMPHONY ORCHESTRA SOCIETY

## SCHEDULES OF PROGRAM REVENUE

For the year ended May 31, 2018

(unaudited)

	<u>2018</u>	<u>2017</u>
<b>REVENUE</b>		
Concerts:		
Season subscriptions	\$ 77,212	\$ 42,851
Single tickets	53,854	43,138
Program advertisers	<u>3,167</u>	<u>3,179</u>
	134,233	89,168
Contra Revenue	<u>7,276</u>	<u>27,384</u>
	<u>141,509</u>	<u>116,552</u>
Donations:		
Gaming	64,597	61,093
Personal	56,954	87,994
Corporate	5,040	20,359
Grants:		
City of Prince George	60,936	59,450
Canada Council	34,776	34,776
BC Arts Council	22,000	23,400
PG Community Foundation Funding	2,500	-
Miscellaneous fundraising activities	31,246	13,776
Sponsorship	<u>25,458</u>	<u>26,900</u>
	<u>303,507</u>	<u>327,748</u>
	<u><u>\$ 445,016</u></u>	<u><u>\$ 444,300</u></u>

See notes to the financial statements.

## PRINCE GEORGE SYMPHONY ORCHESTRA SOCIETY

## SCHEDULES OF PROGRAM EXPENDITURE

For the year ended May 31, 2018

(unaudited)

	<u>2018</u>	<u>2017</u>
<b>EXPENDITURE</b>		
Concerts:		
Music director and professional core	\$ 106,386	\$ 85,467
Community artists	29,944	29,380
Travel	25,826	22,517
Hall rental	25,735	12,250
Imports	25,154	10,356
Guest artists	16,395	30,400
Fundraising and miscellaneous	15,036	891
Music rental	6,372	3,247
Other costs	2,872	2,266
Advertising	2,815	15,690
Programs	2,499	4,636
Ticket commissions	300	4,116
Equipment rental and transport	88	1,442
	<u>259,422</u>	<u>222,658</u>
Administrative:		
Salaries	55,486	71,161
Office supplies	19,850	19,840
Professional fees	17,448	18,561
Promotion and subscription campaign	15,818	22,439
Insurance	9,038	9,892
Office rent and maintenance	6,497	8,386
Bank charges	4,168	5,568
Telephone and utilities	1,610	3,431
Memberships and dues	658	631
Travel	184	1,447
	<u>130,757</u>	<u>161,356</u>
	<u>\$ 390,179</u>	<u>\$ 384,014</u>

See notes to the financial statements.

**PRINCE GEORGE SYMPHONY ORCHESTRA SOCIETY**  
**SCHEDULE OF OPERATIONS - SISTEMA PRINCE GEORGE**

For the year ended May 31, 2018

(unaudited)

	<u>2018</u>	<u>2017</u>
<b>REVENUE</b>		
Donations	\$ 2,100	\$ 1,645
Fundraising	-	937
	<u>2,100</u>	<u>2,582</u>
<b>EXPENDITURES</b>		
Wages	5,791	12,756
Supplies	433	2,513
Web design	-	149
Food	-	47
	<u>6,224</u>	<u>15,465</u>
<b>EXCESS EXPENDITURE FOR THE YEAR</b>	<b>(4,124)</b>	(12,883)
<b>FUND BALANCES AT BEGINNING OF THE YEAR</b>	<u><b>(12,661)</b></u>	<u>(1,608)</u>
<b>INTER-FUND TRANSFERS</b>		
Purchase of tangible capital assets	<b>(4,392)</b>	(170)
Disposal of tangible capital assets	-	2,000
	<u><b>(4,392)</b></u>	1,830
<b>FUND BALANCES AT END OF THE YEAR</b>	<u><u><b>\$ (21,177)</b></u></u>	<u><u><b>\$ (12,661)</b></u></u>

See notes to the financial statements.