

**PRINCE GEORGE SYMPHONY
ORCHESTRA SOCIETY**

Financial Statements

May 31, 2020

(unaudited)

September 15, 2020

Independent Practitioner's Review Engagement Report

To the Members of The Prince George Symphony Orchestra

Report on the financial statements

We have reviewed the accompanying financial statements of Prince George Symphony Orchestra Society, which comprise the statement of financial position as at May 31, 2020, 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 (ASNFP), 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 financial statements do not present fairly, in all material respects, the financial position of the Prince George Symphony Orchestra Society as at May 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.

Other Matters

The financial statements of the Prince George Symphony Orchestra for the year ended May 31, 2020 were reviewed by another accountant who expressed an unmodified conclusion on those statements on September 2, 2020.

Beswick Hildebrandt Lund

Chartered Professional Accountants

Prince George, British Columbia

Partners

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

For the year ended May 31, 2020

(unaudited)

	Operating Fund	Capital Fund	Internally Restricted Funds	Total 2020	Total 2019
REVENUE					
Program (Schedule 1)	\$ 521,000	\$ -	\$ -	\$ 521,000	\$ 443,240
Interest	8,950	-	20	8,970	12,768
	<u>529,950</u>	<u>-</u>	<u>20</u>	<u>529,970</u>	<u>456,008</u>
EXPENDITURE					
Program (Schedule 2)	495,311	-	-	495,311	452,739
Loss on disposal of capital asset	-	299	-	299	236
Amortization	-	4,695	-	4,695	4,427
	<u>495,311</u>	<u>4,994</u>	<u>-</u>	<u>500,305</u>	<u>457,402</u>
REVENUE (EXCESS EXPENDITURE) FOR THE YEAR	34,639	(4,994)	20	29,665	(1,394)
FUND BALANCES AT BEGINNING OF THE YEAR	2,260	19,153	8,779	30,192	31,586
INTERFUND TRANSFERS					
Acquisition and disposition of tangible capital assets	(6,472)	6,472	-	-	-
FUND BALANCES AT END OF THE YEAR	<u>\$ 30,427</u>	<u>\$ 20,631</u>	<u>\$ 8,799</u>	<u>\$ 59,857</u>	<u>\$ 30,192</u>

PRINCE GEORGE SYMPHONY ORCHESTRA SOCIETY

STATEMENTS OF FINANCIAL POSITION

May 31, 2020

(unaudited)

ASSETS

	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Internally Restricted Funds</u>	<u>Total 2020</u>	<u>Total 2019</u>
CURRENT ASSETS					
Cash	\$ 63,793	\$ -	\$ 8,799	\$ 72,592	\$ 18,015
Accounts receivable (Note 3)	-	-	-	-	11,304
Prepaid expenses	3,000	-	-	3,000	556
	<u>66,793</u>	<u>-</u>	<u>8,799</u>	<u>75,592</u>	<u>29,875</u>
TANGIBLE CAPITAL ASSETS (Note 4)	-	20,631	-	20,631	19,153
INVESTMENT (Note 8)	<u>916</u>	<u>-</u>	<u>-</u>	<u>916</u>	<u>916</u>
	<u>\$ 67,709</u>	<u>\$ 20,631</u>	<u>\$ 8,799</u>	<u>\$ 97,139</u>	<u>\$ 49,944</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES					
Accounts payable and accrued liabilities (Note 5)	\$ 12,796	\$ -	\$ -	\$ 12,796	\$ 15,597
Unearned revenue (Note 6)	24,486	-	-	24,486	4,155
	<u>37,282</u>	<u>-</u>	<u>-</u>	<u>37,282</u>	<u>19,752</u>
NET ASSETS					
Investment in Capital Fund	-	20,631	-	20,631	19,153
Internally restricted funds (Note 10)	-	-	8,799	8,799	8,779
Operating Fund - Unrestricted	30,427	-	-	30,427	2,260
	<u>30,427</u>	<u>20,631</u>	<u>8,799</u>	<u>59,857</u>	<u>30,192</u>
	<u>\$ 67,709</u>	<u>\$ 20,631</u>	<u>\$ 8,799</u>	<u>\$ 97,139</u>	<u>\$ 49,944</u>

Approved by the Board:

_____, Director

_____, Director

PRINCE GEORGE SYMPHONY ORCHESTRA SOCIETY

STATEMENTS OF CASH FLOWS

For the year ended May 31, 2020

(unaudited)

	<u>2020</u>	<u>2019</u>
OPERATING ACTIVITIES		
Excess expenditure (revenue) for the year	\$ 29,665	\$ (1,394)
Add: Item not involving cash		
Amortization	4,695	4,427
Loss on sale of capital assets	299	236
	<u>34,659</u>	<u>3,269</u>
Changes in non-cash working capital items:		
Accounts receivable	11,304	3,189
Prepaid expenses	(2,444)	1,662
Accounts payable and accrued liabilities	(2,801)	13,862
Unearned revenue	20,331	(1,034)
	<u>26,390</u>	<u>17,679</u>
Cash from (to) operations	<u>61,049</u>	<u>20,948</u>
INVESTING ACTIVITIES		
Acquisition of tangible capital assets	<u>(6,472)</u>	<u>(8,274)</u>
INCREASE IN CASH DURING THE YEAR	54,577	12,674
CASH AT BEGINNING OF THE YEAR	<u>18,015</u>	<u>5,341</u>
CASH AT END OF THE YEAR	<u>\$ 72,592</u>	<u>\$ 18,015</u>

PRINCE GEORGE SYMPHONY ORCHESTRA SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

For the year ended May 31, 2020

(unaudited)

1. PURPOSE OF SOCIETY

Prince George Symphony Orchestra Society (the "Society") is incorporated under the Societies Act of British Columbia. The Society is 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. The Society is a non-profit organization and is tax exempt under Section 149(1)(l) of the Income Tax Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements were prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNFPO).

Fund Accounting

The Society follows the deferral method of accounting for contributions.

The Society maintains the following funds:

- The Society Fund which accounts for the Society's fundraising and membership activities.
- The Operating Fund which accounts for the unrestricted revenue and expenses related to the Society's housing activities.
- The Capital Asset Funds accounts for transactions relating to acquisition, disposition, financing, and amortization of tangible capital assets.
- Replacement Reserve Fund reports the assets, liabilities, revenue, and expenditures related to property and equipment replacement activities.

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, 2020

(unaudited)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Cash and Cash Equivalents

Cash includes cash and cash equivalents. Cash equivalents are investments in treasury bills and are valued at cost plus accrued interest. The carrying amounts approximate fair value because they have maturities at the date of purchase of less than two years.

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 2020, approximately 300 volunteers contributed approximately 7,143 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, 2020

(unaudited)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Measurement Uncertainty

The preparation of financial statements in conformity with ASNFPO requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities to 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. Significant estimates include the useful life of tangible capital assets.

Financial Instruments

Measurement of financial instruments

The Society initially measures its financial assets and financial liabilities at fair value. The entity subsequently measures all its financial assets and financial liabilities at cost.

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

Financial liabilities measured at cost include accounts payable and accrued liabilities, deposits received, deferred revenue, and CMHC loan.

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 Society 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.

PRINCE GEORGE SYMPHONY ORCHESTRA SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

For the year ended May 31, 2020

(unaudited)

3. ACCOUNTS RECEIVABLE

Included in accounts receivable are the following amounts related to government remittance receivable:

	<u>2020</u>	<u>2019</u>
Accounts receivable	\$ -	\$ 10,935
Government remittances receivable, GST	-	369
	<u>\$ -</u>	<u>\$ 11,304</u>

4. TANGIBLE CAPITAL ASSETS

	<u>2020</u>			<u>2019</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Music library	\$ 92,665	\$ 86,401	\$ 6,264	\$ 6,561
Musical instruments	39,003	33,393	5,603	5,234
Office furniture	19,038	18,074	964	1,055
Computer equipment	4,425	3,559	866	319
Orchestra Chairs	5,610	4,287	1,323	1,654
Equipment	7,332	1,721	5,611	4,330
Intangible assets (website)	6,285	6,285	-	-
	<u>\$ 174,358</u>	<u>\$ 153,720</u>	<u>\$ 20,631</u>	<u>\$ 19,153</u>

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities is comprised of the following:

	<u>2020</u>	<u>2019</u>
Accounts payable and accrued liabilities	\$ 8,139	\$ 11,504
Government remittances - payroll, GST, WCB	4,657	4,093
	<u>\$ 12,796</u>	<u>\$ 15,597</u>

PRINCE GEORGE SYMPHONY ORCHESTRA SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

For the year ended May 31, 2020

(unaudited)

6. UNEARNED REVENUE

	<u>2020</u>	<u>2019</u>
Canada Council	\$ 12,200	\$ -
Gift certificates	286	4,155
BC Arts Council	<u>12,000</u>	<u>-</u>
	<u>\$ 24,486</u>	<u>\$ 4,155</u>

7. ALLOCATION 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.

8. 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.

9. LINE OF CREDIT

The Society has an authorized overdraft on their general chequing account of \$5,000 with the Royal Bank of Canada. As at May 31, 2020, the Society had a \$ nil (2019-nil) balance on the bank overdraft.

10. 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>2020 Total</u>	<u>2019 Total</u>
Balance at beginning of year	\$ 658	\$ 4,171	\$ 3,241	\$ 709	\$ 8,779	\$ 11,055
Interest	-	20	-	-	20	1,024
Transfer from operating	-	-	-	-	-	-
Transfer to operating	-	-	-	-	-	(3,300)
Balance at end of the year	<u>\$ 658</u>	<u>\$ 4,191</u>	<u>\$ 3,241</u>	<u>\$ 709</u>	<u>\$ 8,799</u>	<u>\$ 8,779</u>

PRINCE GEORGE SYMPHONY ORCHESTRA SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

For the year ended May 31, 2020

(unaudited)

11. 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, 2019</u>	<u>August 31, 2018</u>
Balance at beginning of the year	\$ 201,039	\$ 194,993
Contributions	-	-
Grants paid out	(8,558)	(7,853)
Investment income	<u>4,631</u>	<u>13,899</u>
Balance at end of the year	<u>\$ 197,112</u>	<u>\$ 201,039</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.

12. FINANCIAL INSTRUMENTS

Risks and concentrations

The Society is exposed to various risks through its financial instruments, without being exposed to concentrations of risks. The following analysis provides a measure of the Society's risk exposure as at May 31, 2020.

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.

13. BRITISH COLUMBIA SOCIETY ACT DISCLOSURES

- a) Remuneration paid to elected directors for the year ended May 31, 2020 was \$ nil.
- b) Compensation for employees in excess of \$75,000 for the year ended May 31, 2020 was \$nil.

PRINCE GEORGE SYMPHONY ORCHESTRA SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

For the year ended May 31, 2020

(unaudited)

14. COMPARATIVE FIGURES

Certain prior year figures, presented for comparative purposes, have been reclassified to conform to the current year's financial statement presentation.

15. SUBSEQUENT EVENTS

Subsequent to the reporting date, the Coronavirus ("COVID-19") outbreak was declared a pandemic by the World Health Organization and has had a significant global financial and economic impact. For the reporting date of March 31, 2020, the COVID-19 is considered by management as a non-adjusting event. Consequently, there is no impact on the recognition and measurement of assets and liabilities.

The Prince George Symphony Orchestra Society understands this health and economic crisis presents uncertainty over future cash flows, and for future operations. An estimate of the financial effect is not practicable at this time.

PRINCE GEORGE SYMPHONY ORCHESTRA SOCIETY

SCHEDULES OF PROGRAM REVENUE

For the year ended May 31, 2020

(unaudited)

	<u>2020</u>	<u>2019</u>
REVENUE		
Concerts:		
Single tickets	\$ 39,481	\$ 67,323
Season subscriptions	26,495	27,039
Co-production	58,783	-
Program advertisers	<u>3,853</u>	<u>4,523</u>
	128,612	98,885
Contra Revenue	<u>277</u>	<u>3,965</u>
	<u>128,889</u>	<u>102,850</u>
Donations:		
Gaming	70,000	62,500
Personal	48,013	42,089
Corporate	14,551	22,375
Grants:		
City of Prince George	62,460	62,460
BC Arts Council	61,000	25,080
Government Payroll Subsidy	36,345	-
Canada Council	34,776	34,776
Additional Seasonal	6,193	6,000
PG Community Foundation Funding	-	2,935
Miscellaneous fundraising activities	40,873	53,675
Sponsorship	<u>17,900</u>	<u>28,500</u>
	<u>392,111</u>	<u>340,390</u>
	<u>\$ 521,000</u>	<u>\$ 443,240</u>

PRINCE GEORGE SYMPHONY ORCHESTRA SOCIETY

SCHEDULES OF PROGRAM EXPENDITURE

For the year ended May 31, 2020

(unaudited)

	<u>2020</u>	<u>2019</u>
EXPENDITURE		
Concerts:		
Music director and professional core	\$ 144,057	\$ 131,836
Community artists	35,852	39,262
Fundraising and miscellaneous	33,426	40,559
Travel	28,548	28,263
Imports	23,783	24,027
Hall rental	14,639	16,280
Other costs	12,443	5,471
Advertising	10,104	19,671
Guest artists	8,825	19,413
Music rental	4,430	2,733
Equipment rental and transport	1,879	-
Programs	1,765	4,276
Ticket commissions	-	-
	<u>319,751</u>	<u>331,791</u>
Administrative:		
Salaries	113,157	71,801
Office supplies	16,087	10,762
Professional fees	12,270	6,155
Insurance	9,591	8,206
Promotion and subscription campaign	8,860	10,872
Bank charges	6,297	4,259
Office rent and maintenance	6,224	6,269
Telephone and utilities	1,962	1,927
Memberships and dues	716	697
Meals and entertainment	396	-
	<u>175,560</u>	<u>120,948</u>
	<u>\$ 495,311</u>	<u>\$ 452,739</u>