

---

**ORCHESTRAS CANADA**

**FINANCIAL STATEMENTS**

**MARCH 31, 2011**

---

**INDEPENDENT AUDITOR'S REPORT**

To the Members,  
Orchestras Canada

**Report on the Financial Statements**

We have audited the accompanying financial statements of Orchestras Canada, which comprise the statement of financial position as at March 31, 2011 and the statements of operations and 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 generally accepted accounting principles 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.

*Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Orchestras Canada as at March 31, 2011, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Conperthwaite Mehta*

Chartered Accountants  
Licensed Public Accountants

June 2, 2011  
Toronto, Ontario

# ORCHESTRAS CANADA

## STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2011

	2011	2010
<b>ASSETS</b>		
Current assets		
Cash	\$ 158,975	\$ 97,983
Guaranteed investment certificates (note 5)	50,000	50,000
Accounts receivable	5,927	6,421
Prepaid expenses	<u>3,799</u>	<u>7,502</u>
	<u>\$ 218,701</u>	<u>\$ 161,906</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 14,871	\$ 8,454
Deferred revenue (note 6)	<u>55,484</u>	<u>15,500</u>
	<u>70,355</u>	<u>23,954</u>
Net assets		
Designated (note 7)	62,654	52,260
Unrestricted	<u>85,692</u>	<u>85,692</u>
	<u>148,346</u>	<u>137,952</u>
	<u>\$ 218,701</u>	<u>\$ 161,906</u>

Approved on behalf of the Board:

\_\_\_\_\_, Director

\_\_\_\_\_, Director

see accompanying notes

# ORCHESTRAS CANADA

## STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2011

			2011	2010
	Unrestricted	Designated	Total	Total
Balance, beginning of year	\$ 85,692	\$ 52,260	\$ 137,952	\$ 128,328
Excess of revenue over expenses	10,394	-	10,394	9,624
Transfer to designated net assets	<u>(10,394)</u>	<u>10,394</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 85,692</u>	<u>\$ 62,654</u>	<u>\$ 148,346</u>	<u>\$ 137,952</u>

see accompanying notes

# ORCHESTRAS CANADA

## STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2011

	2011	2010
<b>REVENUE</b>		
Grants (note 8)	\$ 225,829	\$ 214,792
Membership (note 9)	88,535	86,767
Conference	33,815	14,013
Donations and fundraising	23,995	22,523
Employment services	11,769	7,098
Interest	7,170	4,021
Other	-	4,157
	<u>391,113</u>	<u>353,371</u>
<b>EXPENSES</b>		
Personnel	156,518	149,075
Conference	46,643	25,830
Special projects	38,509	24,127
Board meetings	24,365	23,208
Office and general	23,251	18,356
Networking and outreach	20,959	19,048
Occupancy costs	20,076	18,652
Public affairs	18,439	30,815
Communications	14,440	17,098
Travel	5,430	5,705
Telephone	4,459	5,121
Professional fees	3,495	2,500
Insurance	2,890	2,890
Interest and bank charges	1,245	1,322
	<u>380,719</u>	<u>343,747</u>
<b>EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR</b>	<u>\$ 10,394</u>	<u>\$ 9,624</u>

see accompanying notes

# ORCHESTRAS CANADA

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2011

	<b>2011</b>	<b>2010</b>
<b>OPERATIONS</b>		
Excess of revenue over expenses for the year	\$ 10,394	\$ 9,624
Net change in non-cash working capital items (see below)	<u>50,598</u>	<u>10,135</u>
<b>NET CASH GENERATED IN THE YEAR</b>	60,992	19,759
Cash, beginning of year	<u>97,983</u>	<u>78,224</u>
<b>CASH, END OF YEAR</b>	<u>\$ 158,975</u>	<u>\$ 97,983</u>
Net change in non-cash working capital items:		
Decrease (increase) in current assets-		
Accounts receivable	\$ 494	\$ 824
Prepaid expenses	3,703	(4,263)
Increase (decrease) in current liabilities-		
Accounts payable and accrued liabilities	6,417	(1,926)
Deferred membership and conference fees	5,034	11,000
Deferred revenue	<u>34,950</u>	<u>4,500</u>
	<u>\$ 50,598</u>	<u>\$ 10,135</u>
Interest received in year	<u>\$ 7,170</u>	<u>\$ 4,021</u>

see accompanying notes

# ORCHESTRAS CANADA

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2011

---

### 1. THE ORGANIZATION

Orchestras Canada (the "organization") is a not-for-profit organization incorporated without share capital in the Province of Ontario.

The organization provides an infrastructure of information, communication, education and support to the Canadian orchestral community. Its membership includes professional, community and youth orchestras, chamber ensembles, musicians and conductors, as well as many organizations and individuals who believe in promoting orchestral music as a unique part of Canadian heritage.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management is responsible for the preparation of these financial statements in accordance with Canadian generally accepted accounting principles applied on a basis consistent with prior years. Outlined below are those policies considered particularly significant:

#### **Guaranteed investment certificates**

Guaranteed investment certificates are classified as held-for-trading based on management's intention to have the funds available for working capital requirements and are recorded at cost plus accrued interest income, which management believes approximates the fair value of these instruments. Unrealized and realized gains and losses on these investments, if any, are recognized as revenue in the period they arise.

#### **Use of Estimates**

The preparation of these financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the year in which they become known.

#### **Revenue Recognition**

The organization follows the deferral method of revenue recognition. Under the deferral method, amounts received in the year for expenses to be incurred in the following year are recorded as deferred revenue. The organization's principal sources of revenue and recognition of these revenues for financial statement purposes are as follows:

- i) Unrestricted grants are recognized as revenue when they are received or receivable if the amount received can be reasonably estimated and collection is reasonably assured. Restricted grants and donations are recognized as revenue in the year in which the related expenses are incurred.
- ii) Fundraising revenue is recognized in the year in which the related event occurs.
- iii) Membership fees are recognized as revenue in the year to which they apply.
- iv) Donation revenue is recorded when funds are received. Donated materials and services which are normally purchased by the organization are not recorded in the accounts.
- v) Interest income is recognized as revenue when earned.

# ORCHESTRAS CANADA

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2011

---

### 3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The organization classifies the financial assets and financial liabilities into one of the following categories:

Held-for-trading - This category comprises guaranteed investment certificates bearing an interest rate of 0.50% held with a major Canadian chartered bank. The cost of the guaranteed investment certificates, plus accrued interest income, approximates the fair value of these instruments.

Other financial assets and liabilities - Other financial assets and liabilities are carried at cost, which approximates their fair value due to their short-term nature.

It is management's opinion that the organization is not exposed to significant interest, currency or credit risks.

### 4. MANAGEMENT OF CAPITAL

In managing capital, the organization focuses on liquid resources available for operations. The organization's objective is to have sufficient liquid resources to continue operating despite adverse events with financial consequences and to provide the organization with the flexibility to take advantage of opportunities that will advance its purposes. The need for sufficient liquid resources is considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to budget. As at March 31, 2010, the organization had met its objective of having sufficient liquid resources to meet its current obligations.

### 5. BANK LOAN AND LINE OF CREDIT

The organization has a business line of credit of \$45,000 which bears interest at prime + ¼%. The business line of credit is secured by the organization's guaranteed investment certificates. As at March 31, 2011, none of the line of credit had been drawn down.

### 6. DEFERRED REVENUE

	2011	2010
The following funding has been deferred at year end:		
George Cedric Metcalf Charitable Foundation	\$ 31,500	\$ -
Ontario Arts Investment Fund	8,082	-
Conference	7,952	5,000
Ontario Arts Council	7,950	4,500
Canada Council for the Arts	<u>-</u>	<u>6,000</u>
Deferred revenue, end of year	<u>\$ 55,484</u>	<u>\$ 15,500</u>

Continuity of deferred revenue for the year is as follows:

Deferred revenue, beginning of year	\$ 15,500	\$ -
Add cash received from grants and conference in the year	299,628	244,305
Less grant and conference revenue recognized in the year (note 8)	<u>(259,644)</u>	<u>(228,805)</u>
Deferred revenue, end of year	<u>\$ 55,484</u>	<u>\$ 15,500</u>

---

# ORCHESTRAS CANADA

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2011

---

### 7. DESIGNATED NET ASSETS

The Board of Directors of the organization has designated net assets of \$62,654 for future strategic initiatives and to provide for unexpected financial contingencies (\$52,260 designated as at March 31, 2010). Expenditure of these funds requires prior approval by the Board of Directors.

### 8. GRANT REVENUE

Grant revenue recognized in the year was as follows:

	2011	2010
Canada Council for the Arts		
Operating	\$ 100,000	\$ 100,000
Special projects	22,880	24,500
Flying Squad	6,000	4,500
 Ontario Arts Council		
Operating	75,445	75,445
Arts Investment Fund	9,476	-
Compass	4,500	1,500
 Ministry of Culture, Province of Ontario	2,532	2,347
Other federal grants	<u>4,996</u>	<u>6,500</u>
	<u>\$ 225,829</u>	<u>\$ 214,792</u>

### 9. MEMBERSHIP REVENUE

Membership fees earned in the year were as follows:

	2011	2010
Orchestras	\$ 73,175	\$ 69,007
Organizations	12,285	12,735
Individuals	<u>3,075</u>	<u>5,025</u>
	<u>\$ 88,535</u>	<u>\$ 86,767</u>

### 10. ENDOWMENTS WITH THE ONTARIO ARTS FOUNDATION

Orchestras Canada established the Orchestras Canada Arts Endowment Fund at the Ontario Arts Foundation (OAF) under the terms of the Arts Endowment Fund (AEF) Program. The AEF was a program of the Government of Ontario through the Ministry of Culture and administered by the OAF.

The Orchestras Canada Arts Endowment Fund will be held in perpetuity for Orchestras Canada. The market value of the Orchestras Canada Arts Endowment Fund as at March 31, 2011 was \$140,586 (\$134,581 as at March 31, 2010). These funds held in trust are not reflected in these financial statements.

Orchestras Canada receives investment income from the Orchestras Canada Arts Endowment Fund to be used for operations. During the year, Orchestras Canada received investment income of \$6,493 from the Orchestras Canada Arts Endowment Fund (\$3,625 in 2010)

# **ORCHESTRAS CANADA**

## **NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2011**

---

### **11. INCOME TAX STATUS**

The organization is exempt from income tax in Canada as a registered charitable organization under the Income Tax Act (Canada).