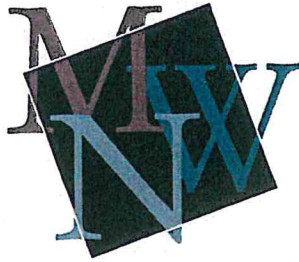


Financial Statements of

**VICTORIA SYMPHONY  
FOUNDATION**

Year ended May 31, 2015





**McINTOSH | NORTON | WILLIAMS**  
 certified general accountants

**Cory McIntosh, CPA, CGA, CAFM, CFP \***  
**Jason S. Moore, BA, CPA, CGA \***  
**Michael K. Williams, CPA, CGA \***

**Jay R. Norton, CPA, FCGA, CAFM (retired)**

*\*practising as a professional corporation*

***"It's not what you earn, it's what you keep!"***

## **INDEPENDENT AUDITOR'S REPORT**

### **To the Members of Victoria Symphony Foundation**

We have audited the accompanying financial statements of Victoria Symphony Foundation, which comprise the statement of financial position as at May 31, 2015, the statement of revenue and expenses and fund balances, and statement of 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.

### **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 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.

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## Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Victoria Symphony Foundation as at May 31, 2015, 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.

## Report on other legal and regulatory requirements

As required by the British Columbia Society Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

  
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MCINTOSH NORTON WILLIAMS  
chartered professional accountants

Qualicum Beach, B.C.  
September 21, 2015

# VICTORIA SYMPHONY FOUNDATION

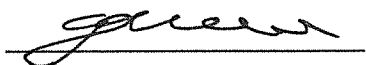
## Statement of Financial Position

May 31, 2015, with comparative figures for 2014

	2015	2014
<b>Assets</b>		
Current assets:		
Cash	\$ 16,413	\$ -
Investment portfolios (note 3):		
National Bank Financial	2,834,103	2,317,455
RBC Dominion Securities	2,399,665	2,499,275
1832 Asset Management – Scotia	2,360,243	2,241,424
	7,594,011	7,058,154
	<u>\$ 7,610,424</u>	<u>\$ 7,058,154</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 4,602	\$ 4,602
	4,602	4,602
Fund balances (note 4):		
Externally restricted	6,756,147	5,713,981
Unrestricted	849,675	1,339,571
	7,605,822	7,053,552
	<u>\$ 7,610,424</u>	<u>\$ 7,058,154</u>

See accompanying notes to financial statements.

Approved by the Directors:

 Director

 Director

# VICTORIA SYMPHONY FOUNDATION

## Statement of Revenue and Expenses and Fund Balances

Year ended May 31, 2015, with comparative figures for 2014

	Externally restricted		Unrestricted		Total	
	2015	2014	2015	2014	2015	2014
<b>Revenue</b>						
Donations and bequests (note 4)	—	—	\$ 554,440	\$ 240,520	\$ 554,440	\$ 240,520
Canada Cultural Investment Fund grant (note 5(a))	521,083	276,105	—	—	521,083	276,105
Vancouver Foundation (note 6)	—	—	13,906	13,330	13,906	13,330
Investment income (note 7)	—	—	220,640	757,431	220,640	757,431
Transfer (note 8)	521,083	287,970	(521,083)	(287,970)	—	—
	1,042,166	564,075	267,903	723,311	1,310,069	1,287,386
<b>Expenses</b>						
Contribution to the Victoria Symphony Society (note 9)	—	—	724,959	580,000	724,959	580,000
Investment management fees	—	—	19,232	18,965	19,232	18,965
Scholarships and donations	—	—	7,500	15,000	7,500	15,000
Professional fees	—	—	4,725	4,778	4,725	4,778
Office expenses	—	—	91	2,450	91	2,450
Insurance	—	—	1,292	1,292	1,292	1,292
			757,799	622,485	757,799	622,485
Excess of revenue over expense	1,042,166	564,075	(489,896)	100,826	552,270	664,901
Fund balance, beginning of year	5,713,981	5,149,906	1,339,571	1,238,745	7,053,552	6,388,651
Fund balance, end of year	\$ 6,756,147	\$ 5,713,981	\$ 849,675	\$ 1,339,571	\$ 7,605,822	\$ 7,053,552

# VICTORIA SYMPHONY FOUNDATION

## Statement of Cash Flows

Year ended May 31, 2015, with comparative figures for 2014  
(Unaudited)

	2015	2014
Operating activities:		
Excess of revenue over expenses	\$ 552,270	\$ 664,901
Investment income – not received in cash	(220,640)	(757,431)
Changes in non-cash operating working capital	–	23,948
	331,630	(68,582)
Investing:		
Net cash (withdrawn from) added to investment portfolios	(315,217)	68,582
Increase (decrease) in cash position	16,413	–
Cash position, beginning of year	–	–
Cash position, end of year	\$ 16,413	\$ –

See accompanying notes to financial statements.

# VICTORIA SYMPHONY FOUNDATION

Notes to Financial Statements

Year ended May 31, 2015

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## 1. Purpose of the Organization:

The objectives of the Victoria Symphony Foundation are to promote and support the Victoria Symphony Society and the presentation of symphonic music principally on Vancouver Island; to assist organizations and institutions involved with young artists interested in a musical career and the furtherance of their artistic progress; to solicit and accept gifts, contributions and bequests of all kinds to enable it to carry out its objects; and to administer such funds by holding, investing and reinvesting them, ensuring, at all times, adherence to the donors' directions.

The Foundation is incorporated under the B.C. Societies Act as a not-for-profit organization and is a registered charity under the Income Tax Act and, as such, is tax exempt.

## 2. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. In preparing the financial statements of the Foundation, management makes estimates and assumptions that affect the amounts reported. Actual results could differ from those estimates.

The financial statements have been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below.

### (a) Revenue recognition:

Revenue consists of interest and dividend income received from investments and gains and losses of selling holding investments received during the year. The Foundation also receives payments from the Vancouver Foundation and various donations and bequests.

### (b) Donations and bequests:

The Foundation uses the deferral method of accounting for donations and bequests (contributions). Restricted contributions are recognized as revenue in the year in which the related expenses are incurred, initially in the unrestricted fund. When matching grants are received from the Canada Cultural Investment Fund, the matched contributions are transferred to the externally restricted fund. Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection assured.

### (c) Investments:

The Foundation records its investments at market value as quoted in an active market. Publicly traded securities are valued based on the latest bid prices and pooled funds are valued based on reported unit values. Short-term securities are valued based on cost plus accrued income which approximates fair value. Transactions are recorded on a settlement date basis and transaction costs are recognized in the statements of revenue and expenses and changes in fund balances in the period during which they are incurred.



# VICTORIA SYMPHONY FOUNDATION

Notes to Financial Statements

Year ended May 31, 2015

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## 2. Significant accounting policies (continued):

### (c) Investments (continued):

The Foundation's cash, accounts receivable, and accounts payable and accrued liabilities are short-term financial instruments whose fair value approximates their carrying values.

### (d) Donated services and materials:

The Foundation benefits greatly from donated services in the form of volunteer time. The value of donated services is not recognized in these financial statements. Assets donated are recorded at fair value at date of contribution.

## 3. Investments:

The asset mix of the total amount of the Foundation's investments is as follows:

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	2015		2014	
	\$	%	\$	%
Cash and cash equivalents	\$ 991,330	13	\$ 601,173	9
Fixed income (including preferred shares)				
Canadian	1,834,318	24	1,931,898	27
Foreign	640,289	9	533,053	8
Equities				
Canadian	3,424,081	45	3,347,439	48
US	110,572	1	110,666	1
Global	374,239	5	304,637	4
REITs and other investments	219,182	3	229,288	3
	\$ 7,594,011	100	\$ 7,058,154	100

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## 4. Donations and bequests:

Included in donations received are amounts totaling of \$109,959 (2014 –\$75,000) received by the Victoria Symphony Society (see note 9) and transferred to the Foundation for the purposes of matching grants by Canadian Heritage.

# VICTORIA SYMPHONY FOUNDATION

Notes to Financial Statements

Year ended May 31, 2015

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## 5. Fund balances:

### (a) Externally Restricted Fund (Canada Cultural Investment Fund):

The Canada Cultural Investment Fund is held under the terms of an agreement between the Foundation and the Minister of Canadian Heritage. Any appreciation in value of the capital is fully available to be used to support the Symphony.

During the current year the fund has increased as private donor funding contributions of \$537,167 (2014 – \$313,273) were available for matching with a contribution from the Minister of Canadian Heritage, Canada Cultural Investment Fund which paid a grant to the Foundation of \$521,083 (2014 – \$276,105). The accumulated total amount of \$6,756,147 (2014 – \$5,713,981) must be kept capitalized in perpetuity in the Foundation's restricted assets. Income from this fund can be transferred for the benefit of the Victoria Symphony Foundation.

Included in the Canada Cultural Investment Fund is the John H. McEown Family Memorial Fund. The fund consists of donations totaling \$202,768 to May 31, 2015 and Canadian Heritage matching grants of \$185,356, a total of \$390,140, all of which is permanently restricted.

### (b) Unrestricted Fund:

This fund is available for expenditures fully at the discretion of the Directors in pursuit of the Foundation's purposes.

## 6. Vancouver Foundation:

In 1992, 1993, and 1994, the Victoria Symphony Foundation invested a total of \$160,000 in order to establish an endowment fund with the Vancouver Foundation. The endowment fund was increased through a matching grant of \$150,000 from the Vancouver Foundation. The estimated market value of this fund at May 31, 2015, was \$410,000 (2014 – \$390,000). The Vancouver Foundation is bound to hold the funds in trust, in perpetuity, for the benefit of the Victoria Symphony Foundation while the Victoria Symphony Foundation retains the right to income in perpetuity from the initial endowment and any additions thereto. Since the Victoria Symphony Foundation only receives interest income and does not own the accumulated funds, the endowment is not shown in these financial statements.

# VICTORIA SYMPHONY FOUNDATION

Notes to Financial Statements

Year ended May 31, 2015

## 7. Investment income:

	2015	2014
Dividends, income trust distributions and interest	\$ 306,724	\$ 259,756
Realized gains (losses) on sales of investments	60,576	40,167
	367,300	299,923
Net increase (decrease) in unrealized gains and losses	(146,660)	457,508
	\$ 220,640	\$ 757,431

## 8. Transfer:

The amount transferred from the unrestricted to the externally restricted fund represents donations and bequests matched during the year by grants from the Canada Cultural Investment Fund (see note 5). Matching grants are applied for based on donations and bequests received in a 12 month period ended November 30 in the Foundation's fiscal year and are approved and received prior to the end of the fiscal year.

## 9. Related party:

As described in note 1, one of the Foundation's objectives is to promote and support the Victoria Symphony Society (the Society). The Foundation is required to have a minimum of six directors, of whom three are representatives from the Society Board.

During the year ended May 31, 2015 the Foundation paid the Society a total of \$724,959 (2014 – \$586,250). This includes the Foundation's realized investment income of \$367,300 (2014 – \$299,923), Vancouver Foundation income of \$13,906 (2014 – \$13,330), transfers from the VSS totalling \$109,959 (2014 – \$75,000), additional transfer from unrestricted funds of \$188,794 (2014 - \$146,747), grant from the Baumann Foundation of \$45,000 (2014 – \$45,000) and recognition of donations previously deferred nil (2014 - \$6,250).

## 10. Financial instruments:

The Foundation is exposed to various financial risks through transactions in financial instruments. It is the executive's opinion that the Foundation's investment managers are taking the necessary steps to mitigate these risks.

### *Credit risk*

The Foundation is exposed to credit risk because of the possibility that the counterparty to a financial instrument may cause a loss to The Foundation by failing to discharge an obligation.

# VICTORIA SYMPHONY FOUNDATION

Notes to Financial Statements

Year ended May 31, 2015

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## 10. Financial instruments (continued):

### *Interest rate risk*

The Foundation is exposed to interest rate risk with respect to investments in fixed income securities because the fair value will fluctuate due to changes in market interest rates.

### *Currency risk*

The Foundation is exposed to currency risk for investments denominated in foreign currencies because the fair values and future cash flows of such investments will fluctuate with the relative values of the foreign currencies against the Canadian dollar.

### *Price risk*

The Foundation is exposed to price risk through changes in market prices due to factors other than changes arising from credit, interest rate or currency risks.

## 11. Comparative figures:

Certain comparative figures have been reclassified to conform to the method of presentation adopted this year.