

**Victoria Symphony Society**  
**Financial Statements**  
**Year Ended May 31, 2022**

## **Independent Auditor's Report**

**To the Members of Victoria Symphony Society**

### **Report on the Financial Statements**

#### **Opinion**

We have audited the financial statements of Victoria Symphony Society (the Society), which comprise the statement of financial position as at May 31, 2022, and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at May 31, 2022, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO)

#### **Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Other Matter**

The financial statements for the year ended May 31, 2021 were audited by another auditor who expressed an unmodified opinion on those financial statements on September 9, 2021.

#### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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.

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

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### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **Report on Other Legal and Regulatory Requirements**

As required by the Societies Act of British Columbia, we report that, in our opinion, the accounting policies applied in preparing and presenting the financial statements in accordance with Canadian Accounting Standards for Not-for-profit Organizations have been applied on a basis consistent with that of the preceding year.

*Dusanj & Wirk*

Victoria, British Columbia  
September 8, 2022

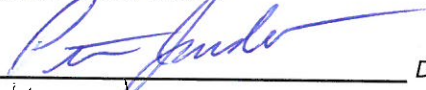
Chartered Professional Accountants


**Victoria Symphony Society**  
**Statement of Financial Position**  
**May 31, 2022**

	2022 \$	2021 \$
<b>Assets</b>		
Current		
Cash and cash equivalents (Note 3)	476,019	921,614
Accounts receivable	49,902	50,621
Government remittances receivable	27,052	30,311
Prepaid expenses	45,598	9,508
Due from Foundation for the Victoria Symphony (Note 4)	432	-
	599,003	1,012,054
Capital assets (Note 5)	256,296	263,898
<b>Total assets</b>	<b>855,299</b>	<b>1,275,952</b>
<b>Liabilities</b>		
Current		
Accounts payable and accrued liabilities	193,151	115,888
Deferred revenue (Note 7)	278,022	216,301
	471,173	332,189
Deferred capital contributions	15,250	21,000
<b>Total liabilities</b>	<b>486,423</b>	<b>353,189</b>
Net assets	368,876	922,763
<b>Total liabilities and net assets</b>	<b>855,299</b>	<b>1,275,952</b>

Lease obligation (Note 8)

On behalf of the Board

  
 \_\_\_\_\_ Director

  
 \_\_\_\_\_ Director

The accompanying notes are an integral part of these financial statements

**Victoria Symphony Society**  
**Statement of Changes in Net Assets**  
**Year Ended May 31, 2022**

	Invested in capital assets \$	Unrestricted \$	2022 \$	2021 \$
Net assets - beginning of year	267,897	654,866	922,763	228,741
Excess (deficiency) of revenues over expenses	-	(553,887)	(553,887)	694,022
Amortization of capital assets	(23,184)	23,184	-	-
Amortization of deferred capital contributions	5,750	(5,750)	-	-
Capital asset purchases	15,582	(15,582)	-	-
Net assets - end of year	266,045	102,831	368,876	922,763

The accompanying notes are an integral part of these financial statements

**Victoria Symphony Society**  
**Statement of Operations**  
**Year Ended May 31, 2022**

	2022	2021
	\$	\$
Revenues		
Earned	978,277	65,206
Donations and fundraising (Notes 4, 9, 12)	1,759,210	3,135,767
Government Grants (Note 14)	1,738,080	2,125,133
	<u>4,475,567</u>	<u>5,326,106</u>
Expenses		
Artistic	2,874,340	1,554,882
Production	612,296	483,183
Marketing	256,899	69,507
Box office	23,729	-
Development and fundraising	172,365	67,400
Administration (Note 11)	970,038	957,112
Contribution to the Foundation for the Victoria Symphony (Note 4)	119,787	1,500,000
	<u>5,029,454</u>	<u>4,632,084</u>
<b>Excess (deficiency) of revenues over expenses</b>	<u>(553,887)</u>	<u>694,022</u>

The accompanying notes are an integral part of these financial statements

**Victoria Symphony Society**  
**Statement of Cash Flows**  
**Year Ended May 31, 2022**

	2022 \$	2021 \$
Operating activities		
Excess (deficiency) of revenues over expenses	(553,887)	694,022
Items not affecting cash:		
Amortization of capital assets	23,184	23,113
Amortization of deferred capital contributions	(5,750)	(13,750)
	<u>(536,453)</u>	<u>703,385</u>
Changes in non-cash working capital:		
Accounts receivable	719	19,381
Government remittances receivable	3,259	16,247
Due to (from) Foundation for the Victoria Symphony	(432)	2,223
Accounts payable and accrued liabilities	77,263	13,140
Deferred revenue	61,721	(553,569)
Prepaid expenses	(36,090)	(3,109)
	<u>106,440</u>	<u>(505,687)</u>
Cash flow from (used by) operating activities	<u>(430,013)</u>	<u>197,698</u>
Investing activity		
Purchase of capital assets	<u>(15,582)</u>	<u>(29,045)</u>
<b>Increase (decrease) in cash</b>	<b>(445,595)</b>	<b>168,653</b>
Cash and cash equivalents - beginning of year	<u>921,614</u>	<u>752,961</u>
<b>Cash and cash equivalents - end of year</b>	<b><u>476,019</u></b>	<b><u>921,614</u></b>

The accompanying notes are an integral part of these financial statements

**Victoria Symphony Society**  
**Notes to Financial Statements**  
**Year Ended May 31, 2022**

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**1. Nature of operations**

Victoria Symphony Society (the "Society") provides orchestral music productions through the operation of the Victoria Symphony Orchestra. The Society was incorporated under the Society Act (British Columbia) as a not-for profit organization, is a registered charity under the Income Tax Act and, as such, is not subject to income tax.

**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 (ASNFPPO) and include the following significant policies:

**Revenue recognition**

The Society follows the deferral method of accounting for contributions, which include grants and donations. Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Season ticket receipts are recorded as revenue in the year to which they apply. Donated assets are recorded at their estimated fair market value at the date of receipt.

Contributions restricted for the purchase of capital assets are deferred and amortized on a straight-line basis at the same amortization rate as the related capital assets.

**Cash and cash equivalents**

Cash include cash on hand and short-term deposits, which are highly liquid with original maturities of less than twelve months from the date of acquisition.

**Capital assets**

Capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives on a declining balance basis at the following rates:

Music Instruments and equipment	5%
Music Library	2.5%
Office equipment	20%
Vehicles	10%
Furniture and fixtures	20%
Leasehold Improvements	term of the lease
Website	33%

Amortization of leasehold improvements is recorded over the remaining term of the lease plus the first renewal option.

Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss is recognized when the asset's carrying amount is not recoverable and exceeds its fair value.

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**Victoria Symphony Society**  
**Notes to Financial Statements**  
**Year Ended May 31, 2022**

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**2. Summary of significant accounting policies (*continued*)**

Deferred revenue

Deferred revenue reflects amounts received in the current period that relate to activities that will be performed in the subsequent periods.

Donated services and materials

The Society annually receives a significant amount of volunteer services and contributed professional and marketing services. To the extent that the fair value can be determined, donated services are recognized in the financial statements when such services are used in the normal course of business and would otherwise have been purchased.

The value of volunteer time is not recorded due to the difficulty in valuing such services.

Financial instruments

Financial instruments are recorded at fair value on initial recognition. Financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Society has not elected to carry any such financial instruments at fair value.

Financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Society determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Society expects to realize by exercising its right to any collateral. If the events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

Use of estimates

The preparation of the financial statements, in conformity 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the estimated useful lives of capital assets. Actual results could differ from those estimates.

**3. Restricted cash**

The Society receives a restricted grant from the Gaming and Enforcement Branch of the Provincial Government for the purpose of assistance with Society programs or as designated by the contributor. These funds earn interest and are maintained in a separate bank account. As at May 31, 2022, restricted grant cash held by the Society was \$44,753 (2021 - \$44,706).

**Victoria Symphony Society**  
**Notes to Financial Statements**  
**Year Ended May 31, 2022**

**4. Due to (from) Foundation for the Victoria Symphony**

The Society has an economic interest in the Foundation for the Victoria Symphony (the "Foundation"). The objectives of the Foundation are to promote and support the Society; 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 objectives; 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 Society Act (British Columbia) as a not-for-profit organization, is a registered charity under the Income Tax Act and, as such, is tax-exempt.

During the year ended May 31, 2022, the Society received contributions from the Foundation totaling \$370,000 (2021 - \$400,000). The Society contributed \$119,787 to the Foundation (2021 - \$1,500,000).

Administration expenses include recoveries of \$7,555 (2021 - \$16,384) in costs incurred by the Society on the Foundation's behalf, plus a portion of the Society's development staff salaries. As at May 31, 2022, \$432 remains receivable from the Foundation (2021 - \$nil).

**5. Capital assets**

	2022		2021	
	Cost \$	Accumulated amortization \$	Cost \$	Accumulated amortization \$
Music instruments and equipment	146,873	113,030	145,230	111,335
Music Library	286,266	133,473	278,786	129,651
Office equipment	318,722	262,994	312,261	249,869
Vehicles	27,421	27,421	27,421	27,421
Furniture and fixtures	44,043	37,806	44,043	36,246
Leasehold improvements	24,362	22,248	24,362	22,013
Website	9,976	4,395	9,976	1,646
	857,663	601,367	842,079	578,181
Net book value	256,296		263,898	

During the year, \$23,184 (2021 - \$23,113) of amortization expense was recognized on capital assets.

**6. Credit facility**

The Society has an approved credit facility with Island Savings Credit Union of \$50,000 with interest charged at the prime lending rate plus 2%. The balance outstanding at May 31, 2022 is \$nil (2021 - \$nil)

**Victoria Symphony Society**  
**Notes to Financial Statements**  
**Year Ended May 31, 2022**

**7. Deferred revenue**

	2022 \$	2021 \$
Opening Balance	216,301	769,870
Amounts recognized as revenue in the year		
Ticket sales	(4,598)	(152,142)
Grants and donations	(89,122)	(539,207)
	122,581	78,521
Amounts deferred to future years		
Ticket sales	1,551	65,257
Grants and donations	153,890	72,523
Closing balance	278,022	216,301

Deferred ticket sales include \$120,639 of ticket returns, which will be deferred until they are used, refunded or recognized as a donation based on the direction of the ticket holder.

**8. Lease obligations**

The Society has entered into an operating lease for rental of commercial offices. The total obligation under this lease is as follows (all balances are plus triple net):

	\$
2023	95,500
2024	63,667
	159,167

**9. Revenue**

Included in donations and fundraising revenues are \$3,525 (2021 - \$4,799) of contributed services consisting of event support that would have otherwise been purchased by the Society in normal course of business.

**10. Financial risks and concentration of risks**

The Society 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 Society's risk exposure and concentration as of May 31, 2022.

**Credit risk**

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Society is exposed to credit risk with respect to cash and cash equivalents and accounts receivable. The Society assesses, on a continuous basis, accounts receivable and provides for any amounts that are not considered collectible in an allowance for doubtful accounts. The balance in the allowance for doubtful accounts as at May 31, 2022 is \$nil (2021 - \$nil).

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**Victoria Symphony Society**  
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**10. Financial risks and concentration of risks (continued)**

**Liquidity risk**

Liquidity risk is the risk that the Society will be unable to fulfill its obligation on a timely basis or at a reasonable cost. The Society manages its liquidity risk by monitoring its operating requirements. The Society prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

Unless otherwise noted, it is management's opinion that the Society is not exposed to significant other price risks arising from these financial instruments.

**11. Administration expenditures**

Administration expenditures include wages and benefits of the Administration, Development, Marketing and Box Office departments, totaling \$702,014 (2021 - \$712,458).

**12. Victoria Foundation**

During the year, the Society recognized in donations and fundraising revenue \$371,919 (2021 - \$348,989), which includes pass-through grants as well as distributions from various endowment funds held at the Victoria Foundation.

**13. Remuneration paid to employees, directors and contractors**

The BC Societies Act came into effect on November 28, 2016. The Act has a requirement for the disclosure in the financial statements of the remuneration of directors, employees and contractors for financial statements prepared after November 28, 2016. For employee and contractor remuneration, the requirement is to disclose amounts paid to individuals whose remuneration was greater than \$75,000. For the fiscal year ending May 31, 2022, the Society paid remuneration of \$510,584 (2021 - \$357,448) to three employees and two contractors (2021 - four employees), each of whom received total annual remuneration of \$75,000 or greater.

**14. Government grants**

	2022 \$	2021 \$
Canada Council for the Arts	532,550	443,750
Canada - Other	234,880	523,682
Canadian - Heritage	152,000	-
City of Victoria	17,000	2,800
CRD Arts Development	398,400	396,601
BC Arts Council - Operating	310,000	310,000
BC Arts Council - Other	15,000	370,300
BC Government Community Gaming	73,250	70,000
Province of BC - Other	5,000	8,000
	-	-
	<u>1,738,080</u>	<u>2,125,133</u>

**Victoria Symphony Society**  
**Notes to Financial Statements**  
**Year Ended May 31, 2022**

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**15. Government Assistance**

As a result of the COVID-19 pandemic, the Society received federal government assistance in the form of the Canada Emergency Wage Subsidy (CEWS) in the amount of \$101,361, which has been recorded as income.

As a result of the COVID-19 pandemic, the Society received federal government assistance in the form of the Canada Emergency Rent Subsidy (CERS) in the amount of \$20,207, which has been recorded as income.

As a result of the COVID-19 pandemic, the Society received federal government assistance in the form of the Canada Recovery Hiring Program (CRHP) in the amount of \$8,313, which has been recorded as income. Additionally there is \$2,118 receivable at year-end.

**16. Comparative figures**

Some of the comparative figures have been reclassified to conform to the current year's presentation.