

**Thunder Bay Symphony Orchestra  
Association Inc.**  
**Financial Statements**  
For the year ended June 30, 2023

**Contents**

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## Independent Auditor's Report

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To the Board of Directors of Thunder Bay Symphony Orchestra Association Inc.

### Qualified Opinion

We have audited the financial statements of Thunder Bay Symphony Orchestra Association Inc. (the Organization), which comprise the statement of financial position as at June 30, 2023, and the statement of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Organization as at June 30, 2023 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.

### Basis for Qualified Opinion

In common with many charitable organizations, the Organization derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of Thunder Bay Symphony Orchestra Association Inc.; therefore, we were not able to determine whether any adjustments might be necessary to fundraising and donation revenue, excess of revenue over expenditure and cash flows from operations for the years ended June 30, 2023 and 2022, current assets as at June 30, 2023 and 2022 and net deficiency as at July 1 and June 30 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended June 30, 2022 was modified accordingly because of the possible effects of this limitation in scope.

In the current year, we were not able to obtain sufficient and appropriate audit evidence over the valuation of investments held with the Thunder Bay Community Foundation due to our audit not extending to an examination of the records of the Organization. Accordingly, verification of these investments was limited to confirmations received by Thunder Bay Community Foundation. Therefore, we were unable to determine whether any adjustments might be necessary to investment income, excess of revenues over expenditure, and cash flows from operating activities for the year ended June 30, 2023, non-endowed investments - Thunder Bay Community Foundation, and net assets as at June 30, 2023 due to this scope limitation.

In the previous year, we were not able to obtain sufficient and appropriate audit evidence over the investments held with Thunder Bay Community Foundation due to managements decision not to obtain the fair market value of those investments. Accordingly, we were unable to determine whether any adjustments might be necessary to investment income, excess of revenues over expenditure, and cash flows from operating activities for the year ended June 30, 2022, non-endowed investments - Thunder Bay Community Foundation, and net assets as at June 30, 2022 due to this scope limitation.

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 Entity in accordance with the 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 qualified audit opinion.

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## Independent Auditor's Report (cont'd)

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### **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 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.

In preparing the financial statements, management is responsible for assessing the Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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

### **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 Organization'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 Organization'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 Organization to cease to continue as a going concern.

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## Independent Auditor's Report (cont'd)

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- 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.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Thunder Bay, Ontario  
November 9, 2023

## Thunder Bay Symphony Orchestra Association Inc. Statement of Financial Position

June 30	2023	2022
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 231,471	\$ 492,429
Short term investments (2022 cost -\$43,955)	-	30,469
Non-endowed investments - Thunder Bay Community Foundation	128,116	136,576
Accounts receivable (Note 2)	58,110	53,812
Government remittances receivable	-	2,298
Prepaid expenses	15,730	2,226
	433,427	717,810
Equipment (Note 3)	74,592	51,434
Intangible assets (Note 4)	114,354	111,108
	\$ 622,373	\$ 880,352
<b>Liabilities and Net Assets</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 5)	\$ 84,216	\$ 55,173
Government remittances payable	3,155	-
Deferred revenue (Note 6)	214,619	509,774
	301,990	564,947
<b>Net assets</b>	<b>320,383</b>	<b>315,405</b>
	<b>\$ 622,373</b>	<b>\$ 880,352</b>

On behalf of the Board:

  
 \_\_\_\_\_ Director

  
 \_\_\_\_\_ Director

The accompanying notes are an integral part of these financial statements.

## Thunder Bay Symphony Orchestra Association Inc. Statement of Operations

For the year ended June 30	2023	2022
<b>Revenue</b>		
Federal grants		
Canada Council for the Arts	\$ 162,380	\$ 194,880
Service Canada	-	7,980
Provincial grants		
Ontario Arts Council - Operating Grant	216,131	216,131
Ontario Arts Council - Touring Grant	25,000	14,000
Ontario Arts Council - COVID Funding	230,534	-
NOHFC	25,669	44,179
Ontario Trillium Foundation	176,191	245,864
Municipal grants - City of Thunder Bay	244,700	250,000
Government assistance	-	61,889
Donations	482,592	358,502
Fundraising (Schedule 1)	161,998	141,453
Sponsorships	31,500	45,000
Donated services and materials	143,040	136,799
Ticket sales	217,179	94,033
Tour revenues	37,351	8,457
Investment income (Note 8)	19,300	16,158
Unrealized loss on investments	(26,136)	(13,486)
	<b>2,147,429</b>	<b>1,821,839</b>
<b>Expenditure</b>		
Advertising	45,216	36,954
Amortization	13,157	10,384
Bad debts	-	305
Bank charges	12,892	11,528
Donated services and materials	143,040	136,799
Fundraising (Schedule 1)	69,282	69,393
Insurance	2,962	3,367
Library	22,434	13,816
Miscellaneous	5,753	4,893
Musical activities (Schedule 2)	1,136,381	879,956
Office supplies	23,940	20,450
Production fees	97,970	14,843
Production equipment and supplies	16,093	67,331
Professional fees	81,605	60,032
Rent	67,457	30,260
Repairs and maintenance	4,940	1,080
Telephone	602	743
Training	1,637	3,790
Travel	14,844	1,770
Wages and benefits	382,246	416,445
	<b>2,142,451</b>	<b>1,784,139</b>
<b>Excess of revenue over expenditure before the undernoted</b>	<b>4,978</b>	<b>37,700</b>
Donations received for endowment	-	46,499
Contributions to other organizations (Note 8)	-	(46,499)
<b>Excess of revenue over expenditure for the year</b>	<b>\$ 4,978</b>	<b>\$ 37,700</b>

The accompanying notes are an integral part of these financial statements.

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**Thunder Bay Symphony Orchestra Association Inc.  
Statement of Changes in Net Assets**

<b>For the year ended June 30</b>	<b>2023</b>	<b>2022</b>
<b>Balance, beginning of year</b>	<b>\$ 315,405</b>	<b>\$ 277,705</b>
Excess of revenue over expenditure for the year	<b>4,978</b>	<b>37,700</b>
<b>Balance, end of year</b>	<b>\$ 320,383</b>	<b>\$ 315,405</b>

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The accompanying notes are an integral part of these financial statements.

## Thunder Bay Symphony Orchestra Association Inc. Statement of Cash Flows

For the year ended June 30	2023	2022
<b>Cash flows from operating activities</b>		
Excess of revenue over expenditure	\$ 4,978	\$ 37,700
Items not involving cash:		
Amortization	13,157	10,384
Donated investments	-	(54,749)
Accrued investment income	(17,676)	(4,709)
Unrealized loss on investments	26,136	13,486
	<u>26,595</u>	<u>2,112</u>
Changes in non-cash working capital balances		
Accounts receivable	(4,298)	(32,836)
Prepaid expenses	(13,504)	5,706
Accounts payable and accrued liabilities	29,043	(16,764)
Government remittances	5,453	(5,221)
Deferred revenue	(295,155)	64,691
	<u>(251,866)</u>	<u>17,688</u>
<b>Cash flows from financing activities</b>		
Loan repayments	-	(23,878)
<b>Cash flows from investing activities</b>		
Purchase of intangible asset	(3,246)	(4,579)
Purchase of capital asset	(36,315)	(24,408)
Redemption of investment	30,469	54,000
Purchase of investment with TBCF	-	(136,576)
	<u>(9,092)</u>	<u>(111,563)</u>
<b>Increase (decrease) in cash for the year</b>	<b>(260,958)</b>	<b>(117,753)</b>
<b>Cash, beginning of year</b>	<b>492,429</b>	<b>610,182</b>
<b>Cash, end of year</b>	<b>\$ 231,471</b>	<b>\$ 492,429</b>

The accompanying notes are an integral part of these financial statements.



# Thunder Bay Symphony Orchestra Association Inc.

## Notes to Financial Statements

June 30, 2023

### 1. Significant Accounting Policies

<b>Nature and Purpose of Organization</b>	<p>Thunder Bay Symphony Orchestra is a professional symphonic orchestra incorporated by the Special Act of the Province of Ontario. It's purpose is to promote orchestral music and to present a varied repertoire of live symphonic music for the benefit of the residents of Thunder Bay and the communities of Northwestern Ontario. It performs over a twenty nine week season between October and May in the City of Thunder Bay. Tours are also performed each season taking the orchestra to towns to both the east and west of the city.</p> <p>The Organization is a registered charity and, as such, is exempt from income tax and may issue income tax receipts to donors.</p>				
<b>Basis of Accounting</b>	<p>These financial statements have been prepared using Canadian accounting standards for not-for-profit organizations. These standards use the accrual basis of accounting. The accrual basis recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipts of goods or services and the creation of a legal obligation to pay.</p>				
<b>Revenue Recognition</b>	<p>The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue on the accrual basis except for donation and fundraising revenue, which is recognized on a cash basis.</p> <p>Grant revenues are recognized in the period to which they relate. Grants received in advance are deferred. Revenue from ticket and tours are recognized when the services are provided and collection is reasonably assured. Any payments received in advance of the performance are recorded as deferred revenue.</p>				
<b>Contributed Materials Services</b>	<p>Contributed materials and services are not recorded in the financial statements unless their fair market value can be reasonably estimated and the Organization would normally purchase the goods and services if not donated.</p> <p>Contributed capital assets are included on the statement of financial position as equipment and deferred capital contributions and are amortized to income on the straight-line basis at the rate consistent with the method used to record the amortization on the related equipment.</p>				
<b>Capital Assets</b>	<p>Capital assets are initially recorded at cost. Amortization based on the estimated useful life of the asset is calculated on a straight-line basis as follows:</p> <table border="0" style="margin-left: 40px;"> <tr> <td style="padding-right: 20px;">Office equipment</td> <td style="text-align: right;">5 years</td> </tr> <tr> <td>Musical instruments and equipment</td> <td style="text-align: right;">10 years</td> </tr> </table>	Office equipment	5 years	Musical instruments and equipment	10 years
Office equipment	5 years				
Musical instruments and equipment	10 years				

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## Thunder Bay Symphony Orchestra Association Inc. Notes to Financial Statements

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June 30, 2023

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### 1. Significant Accounting Policies (cont'd)

<b>Intangible Assets</b>	Purchased intangible assets are recorded at cost. Donated intangible assets are reported at fair value when the fair value can be reliably determined. The musical library is a collection of musical scores and does not depreciate; therefore, no amortization is recorded. They are tested for impairment when events or circumstances indicate that their carrying value amount exceeds their fair value. The impairment test consists of a comparison of the fair value of the unamortized assets with their carrying value. When the carrying amount exceeds the fair value, an impairment loss is recognized in an amount equal to the excess.
<b>Financial Instruments</b>	Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded in an active market are reported at fair value, with any change in fair value reported in income. The investments held with Thunder Bay Community Foundation are recorded at fair market values provided by the Foundation. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.
<b>Employee Future Benefits</b>	The Organization participates in a multi-employer defined benefit pension plan for its musicians, however, sufficient information is not available to use defined benefit accounting. Therefore, TBSO accounts for the plan as if it were a defined contribution plan, recognizing contributions as an expense in the year to which they relate.
<b>Use of Estimates</b>	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 revenues and expenditures during the reporting period. The principal estimates used in the preparation of these financial statements include allowance for doubtful accounts and the useful life of equipment and intangible assets. Actual results could differ from management's best estimates as additional information becomes available in the future.
<b>Government Assistance</b>	Government assistance for current expenses is recorded as revenue in the period the expenses are incurred.

## Thunder Bay Symphony Orchestra Association Inc. Notes to Financial Statements

June 30, 2023

### 2. Accounts Receivable

	2023		2022	
Trade	\$	58,110	\$	27,132
NOHFC		-		26,680
	\$	58,110	\$	53,812

### 3. Equipment

	2023		2022	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Musical equipment	\$ 52,071	\$ 28,701	\$ 52,071	\$ 25,121
Office equipment	80,527	29,305	44,212	19,728
	\$ 132,598	\$ 58,006	\$ 96,283	\$ 44,849
Net book value		\$ 74,592		\$ 51,434

### 4. Intangible Assets

	2023		2022	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Music library	\$ 114,354	\$ -	\$ 111,108	\$ -
Net book value		\$ 114,354		\$ 111,108

The Thunder Bay Symphony Orchestra recognizes 50% of the cost of musical scores as additions to the musical library. The remaining costs, net of HST, have been included in various expenditure categories on the statement of operations.

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## Thunder Bay Symphony Orchestra Association Inc. Notes to Financial Statements

June 30, 2023

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### 5. Accounts Payable and Accrued Liabilities

	2023	2022
Trade	36,658	17,551
Food for Soul program	47,558	37,622
	\$ 84,216	\$ 55,173

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### 6. Deferred Revenue

	2023	2022
City of Thunder Bay	\$ 122,350	\$ 122,350
Deferred capital contributions	37,745	46,876
Ontario Arts Council	-	230,534
Ontario Trillium Foundation	-	75,309
Other	54,524	34,705
	\$ 214,619	\$ 509,774

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### 7. Demand Loan

The Organization has a maximum operating line of credit of \$50,000 with interest at prime plus 2.5% (9.45% at June 30, 2023). The outstanding balance is due on demand, unsecured. At June 30, 2023 the undrawn capacity of the demand loan was \$50,000.

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## Thunder Bay Symphony Orchestra Association Inc. Notes to Financial Statements

June 30, 2023

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### 8. Endowment Funds

#### Ontario Arts

The Ontario Arts Endowment Fund is a program of the Government of Ontario through the Ministry of Tourism, Culture and Sport administered by the Ontario Arts Foundation ("OAF"). The Fund is the property of OAF, who maintains control over all property of the fund, including income earned by the fund. OAF charges management fees based on the value of the fund. The Endowment Fund is held by the OAF in perpetuity and the interest is to be transferred to the Organization annually.

The market value of the endowment at June 30, 2023 is \$42,491 (2022 - \$37,887). The interest income received during the year was \$1,624 (2022 - \$2,222) which is disclosed in the statement of operations.

#### Thunder Bay Community Foundation

The Thunder Bay Community Foundation Endowment Fund ("TBCF") maintains control over all property of the fund, including income earned by the fund. TBCF charges administration fees based on the value of the fund. The Endowment Fund is held by TBCF in perpetuity.

The market value of the endowment at June 30, 2023 is \$43,226 (2022 - \$38,753).

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### 9. Pension

The Organization makes contributions to the Musicians' Pension Fund of Canada, which is a multi-employer plan, on behalf of its musicians. The plan is a defined benefit plan which specifies the amount of retirement benefits to be received by the musicians' based on the length of service and rates of pay. However, the plan is accounted for as a defined contribution plan as insufficient information is available to account for the plan as a defined benefit plan. The Organization is only one of a number of employers that participates in the plan and the financial information provided to the Organization on the basis of the contractual agreements is usually insufficient to reliably measure the Orchestra's proportionate share in the plan assets and liabilities on defined benefit accounting requirements.

The amounts contributed to the plan for 2023 were approximately \$44,100 (2022 - \$38,900). The contributions were made for current services and these have been recognized in net income.

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### 10. Government Assistance

The Organization was eligible for assistance through the Canada Emergency Wage Subsidy (CEWS) in the amount of \$nil (2022 - \$61,770), and the Canada Emergency Rent Subsidy (CERS) in the amount of \$nil (2022 - \$119), for the year which is included in Government assistance on the Statement of Operations. The total amount received in the year amounts to \$nil (2022 - \$61,889).

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## Thunder Bay Symphony Orchestra Association Inc. Notes to Financial Statements

June 30, 2023

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### 11. Financial Instruments

#### Market and Currency Risks

Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant currency risk arising from financial instruments.

#### Credit Risk

Credit risk is the risk that a counterpart will fail to discharge its obligation to the Organization reducing the expected cash inflow from the Organization's assets recorded at the statement of financial position date. Credit risk can be concentrated in debtors that are similarly affected by economic or other conditions. It is management's opinion that the Organization is not exposed to significant concentrations of credit risk.

#### Liquidity Risk

Liquidity risk is the risk that the Organization encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Organization will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from the demand loan and accounts payable and accrued liabilities.

#### Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization is exposed to interest rate risk in relation to interest expense on its demand loan since the credit facility bears interest at a floating interest rate.

#### Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Organization is exposed to other price risk through its investments held with Thunder Bay Community Foundation.

The Organization manages other price risk through asset allocation and maintaining a portfolio that is well diversified on both a geographic and industry sector basis.

## Thunder Bay Symphony Orchestra Association Inc. Schedule 1 - Fundraising Activities

**For the year ended June 30**

Fundraising Activity	Revenue	Expenditure	Net 2023	Net 2022
Food for Soul	\$ 8,566	\$ -	\$ 8,566	\$ 4,740
Bingo	27,039	473	26,566	23,111
Lottery	7,303	1,550	5,753	(3,390)
Fruit and cheese drive	95,953	56,035	39,918	41,727
Brew & Beethoven	8,090	6,528	1,562	(4,203)
Preserves	15,027	-	15,027	11,363
Other	20	4,696	(4,676)	(1,288)
<b>Total</b>	<b>\$ 161,998</b>	<b>\$ 69,282</b>	<b>\$ 92,716</b>	<b>\$ 72,060</b>

## Thunder Bay Symphony Orchestra Association Inc. Schedule 2 - Musical Activities

**For the year ended June 30**

	2023	2022
Musicians' fees	\$ 990,569	\$ 800,961
Guest artist	97,291	60,418
Travel and accommodations	40,208	16,134
SOCAN fees	3,695	1,761
Audition expenses	545	682
Box Office Expenses	4,073	-
<b>Total</b>	<b>\$ 1,136,381</b>	<b>\$ 879,956</b>

The accompanying notes are an integral part of these financial statements.