

**Thunder Bay Symphony Orchestra
Association Inc.**
Financial Statements
For the year ended June 30, 2024

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Independent Auditor's Report

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, 2024, and the statements 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, 2024 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, 2024 and 2023, current assets as at June 30, 2024 and 2023 and net assets as at July 1 and June 30 for both the 2024 and 2023 years. Our audit opinion on the financial statements for the year ended June 30, 2023 was modified accordingly because of the possible effects of this limitation in scope.

We were not able to obtain sufficient and appropriate audit evidence over the opening valuation of investments held with the Thunder Bay Community Foundation as at June 30, 2023 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 years ended June 30, 2024 and 2023, non-endowed investments - Thunder Bay Community Foundation, and net assets as at June 30 for the 2023 year. Our audit opinion on the financial statements for the year ended June 30, 2023 was modified accordingly because of the possible effects of this limitation in scope.

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.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial statements, which indicates that the Entity experienced an annual deficiency of revenue over expenditures of \$183,595 during the year ended June 30, 2024 and, as of that date, the Entity had a working capital deficiency of \$40,393. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast doubt on the Entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Independent Auditor's Report (cont'd)

Other Information

Management is responsible for the other information. The other information comprises:

- The information, other than the financial statements and our auditor's report thereon, included in the 2024 Thunder Bay Symphony Orchestra Annual Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the 2024 Thunder Bay Symphony Orchestra Annual Report prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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.

Independent Auditor's Report (cont'd)

- 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.
- 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

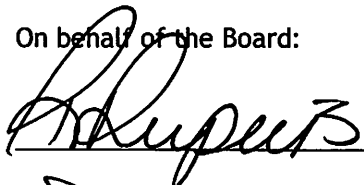
Chartered Professional Accountants, Licensed Public Accountants

Thunder Bay, Ontario
November 20, 2024

Thunder Bay Symphony Orchestra Association Inc. Statement of Financial Position

June 30	2024	2023
Assets		
Current		
Cash	\$ 208,598	\$ 231,471
Non-endowed investments - Thunder Bay Community Foundation	4,467	128,116
Accounts receivable	8,837	58,110
Government remittances receivable	2,953	-
Prepaid expenses	4,762	15,730
	229,617	433,427
Equipment (Note 3)	61,435	74,592
Intangible assets (Note 4)	115,746	114,354
	\$ 406,798	\$ 622,373
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities (Note 5)	\$ 77,584	\$ 84,216
Government remittances payable	-	3,155
Deferred revenue (Note 6)	192,426	214,619
	270,010	301,990
Net assets	136,788	320,383
	\$ 406,798	\$ 622,373

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	2024	2023
Revenue		
Federal grants		
Canada Council for the Arts	\$ 162,380	\$ 162,380
Provincial grants		
Ontario Arts Council - Operating Grant	211,808	216,131
Ontario Arts Council - Touring Grant	42,000	25,000
Ontario Arts Council - COVID Funding	-	230,534
NOHFC	-	25,669
Ontario Trillium Foundation	4,882	176,191
Municipal grants - City of Thunder Bay	244,700	244,700
Donations	331,425	482,592
Fundraising (Schedule 1)	167,653	161,998
Sponsorships	47,055	31,500
Donated services and materials	42,790	143,040
Ticket sales	313,852	217,179
Tour revenues	51,853	37,351
Investment income (Note 7)	6,438	19,300
Unrealized gain/(loss) on investments	3,619	(26,136)
	1,630,455	2,147,429
Expenditure		
Advertising	48,913	44,710
Amortization	13,157	13,157
Bank charges	16,409	12,892
Donated services and materials	42,790	143,040
Fundraising (Schedule 1)	53,480	64,585
Insurance	2,671	2,962
Library	13,563	22,434
Memberships and subscriptions	12,214	10,956
Musical activities (Schedule 2)	1,063,513	1,136,381
Office supplies	5,738	11,787
Production costs	170,931	178,135
Professional fees	26,938	82,977
Rent	10,178	14,166
Repairs and maintenance	-	4,940
Telephone	636	602
Touring costs	23,746	14,844
Training	-	1,637
Wages and benefits	309,173	382,246
	1,814,050	2,142,451
Excess (deficiency) of revenue over expenditure for the year	\$ (183,595)	\$ 4,978

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

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

For the year ended June 30	2024	2023
Balance, beginning of year	\$ 320,383	\$ 315,405
Excess (deficiency) of revenue over expenditure for the year	(183,595)	4,978
Balance, end of year	\$ 136,788	\$ 320,383

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	2024	2023
Cash flows from operating activities		
Excess (deficiency) of revenue over expenditure	\$ (183,595)	\$ 4,978
Items not involving cash:		
Amortization	13,157	13,157
Donated investments	-	-
Accrued investment income	(4,732)	(17,676)
Unrealized loss on investments	(3,619)	26,136
	<u>(178,789)</u>	<u>26,595</u>
Changes in non-cash working capital balances		
Accounts receivable	49,273	(4,298)
Prepaid expenses	10,968	(13,504)
Accounts payable and accrued liabilities	(6,632)	29,043
Government remittances	(6,108)	5,453
Deferred revenue	(22,193)	(295,155)
	<u>(153,481)</u>	<u>(251,866)</u>
Cash flows from investing activities		
Purchase of intangible asset	(1,392)	(3,246)
Purchase of capital asset	-	(36,315)
Redemption of investment	-	30,469
Withdrawal from non-endowed investments - TBCF	132,000	-
	<u>130,608</u>	<u>(9,092)</u>
Decrease in cash for the year	(22,873)	(260,958)
Cash, beginning of year	231,471	492,429
Cash, end of year	\$ 208,598	\$ 231,471

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

Thunder Bay Symphony Orchestra Association Inc.

Notes to Financial Statements

June 30, 2024

1. Significant Accounting Policies

Nature and Purpose of Organization	<p>Thunder Bay Symphony Orchestra is a professional symphonic orchestra incorporated by the Special Act of the Province of Ontario. Its 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>				
Basis of Accounting	<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>				
Revenue Recognition	<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>				
Contributed Materials Services	<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>				
Capital Assets	<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: 40px;">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				

Thunder Bay Symphony Orchestra Association Inc.

Notes to Financial Statements

June 30, 2024

1. Significant Accounting Policies (cont'd)

Intangible Assets	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.
Financial Instruments	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.
Employee Future Benefits	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.
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 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.

Thunder Bay Symphony Orchestra Association Inc. Notes to Financial Statements

June 30, 2024

2. Going Concern

The Organization has a working capital deficiency of \$40,393 and experienced an annual deficiency of revenue over expenditures of \$183,595. Additionally, various other factors have resulted in increased expenses and decreased revenues being projected going forward. As a result, there is material uncertainty that may cast significant doubt as to whether the Organization will have the ability to continue as a going concern.

The Organization's ability to continue as a going concern is dependent on the ability to maintain a profitable level of operations and upon receiving continued support of its present and future subscribers, donors and funders. If the Organization is unable to achieve this, there is a possibility that Organization may be unable to continue to realize on its assets and to discharge its liabilities in the normal course of operations.

These financial statements are prepared on a going concern basis in accordance with Canadian accounting standards for not-for-profit organizations which assumes that the Organization will be able to obtain adequate financing as required and realize on its assets and discharge its liabilities in the normal course of operations. If the going concern assumption was not appropriate for these financial statements, then adjustments would be necessary to the carrying value of the assets and liabilities.

3. Equipment

	2024		2023	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Musical equipment	\$ 52,071	\$ 32,821	\$ 52,071	\$ 28,701
Office equipment	80,527	38,342	80,527	29,305
	\$ 132,598	\$ 71,163	\$ 132,598	\$ 58,006
Net book value		\$ 61,435		\$ 74,592

Thunder Bay Symphony Orchestra Association Inc. Notes to Financial Statements

June 30, 2024

4. Intangible Assets

	2024		2023	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Music library	\$ 115,746	\$ -	\$ 114,354	\$ -
Net book value		<u>\$ 115,746</u>		<u>\$ 114,354</u>

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.

5. Accounts Payable and Accrued Liabilities

	2024	2023
Trade	\$ 36,298	\$ 36,658
Food for Soul program	41,286	47,558
	<u>\$ 77,584</u>	<u>\$ 84,216</u>

6. Deferred Revenue

	2024	2023
City of Thunder Bay	\$ 122,350	\$ 122,350
Deferred capital contributions	29,013	37,745
Other	31,063	54,524
RBC Foundation	10,000	-
	<u>\$ 192,426</u>	<u>\$ 214,619</u>

Thunder Bay Symphony Orchestra Association Inc. Notes to Financial Statements

June 30, 2024

7. 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, 2024 is \$44,631 (2023 - \$42,491). The interest income received during the year was \$1,706 (2023 - \$1,624) 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, 2024 is \$53,216 (2023 - \$43,226).

8. 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 2024 were approximately \$45,100 (2023 - \$44,100). The contributions were made for current services and these have been recognized in net income.

9. Comparative Figures

Certain comparative figures presented in the accompanying financial statements have been reclassified to conform with the current year's presentation.

Thunder Bay Symphony Orchestra Association Inc. Notes to Financial Statements

June 30, 2024

10. 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.

There have not been any changes in the risk from the prior year.

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.

There have not been any changes in the risk from the prior year.

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.

There have not been any changes in the risk from the prior year.

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

For the year ended June 30

Fundraising Activity	Revenue	Expenditure	Net 2024	Net 2023
Food for Soul	\$ 16,724	\$ -	\$ 16,724	\$ 8,566
Bingo	37,845	267	37,578	26,566
Lottery	7,798	2,104	5,694	5,753
Fruit and cheese drive	90,230	51,109	39,121	39,918
Brew & Beethoven	-	-	-	1,562
Preserves	14,826	-	14,826	15,027
Other	230	-	230	21
Total	\$ 167,653	\$ 53,480	\$ 114,173	\$ 97,413

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

For the year ended June 30

	2024	2023
Musicians' fees	\$ 881,884	\$ 990,569
Guest artist	125,810	97,291
Travel and accommodations	45,334	40,208
SOCAN fees	4,172	3,695
Audition expenses	-	545
Box office expenses	6,313	4,073
Total	\$ 1,063,513	\$ 1,136,381

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