

VANCOUVER RECITAL SOCIETY

FINANCIAL STATEMENTS

AUGUST 31, 2017

INDEPENDENT AUDITOR'S REPORT

To the Members of
Vancouver Recital Society

We have audited the accompanying financial statements of Vancouver Recital Society which comprise the statement of financial position as at August 31, 2017 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.

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 generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, 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 qualified audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, Vancouver Recital Society derives some revenue from voluntary contributions 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 Vancouver Recital Society. Therefore, we were not able to determine whether any adjustments might be necessary to revenue from donations, excess (deficiency) of revenue over expenses and cash flows from (used in) operating activities for the years ended August 31, 2017 and August 31, 2016, and assets and net assets fund balances as at August 31, 2017 and August 31, 2016. Our audit opinion on the financial statements for the year ended August 31, 2016 was modified accordingly because of the possible effects of this limitation of scope.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Vancouver Recital Society as at August 31, 2017 and the results of its operations, changes in net assets, 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 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.

Collins Barrow Vancouver

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
November 29, 2017

VANCOUVER RECITAL SOCIETY
(Organized under the Societies Act of British Columbia)

STATEMENT OF FINANCIAL POSITION

AUGUST 31, 2017

	<u>ASSETS</u>	<u>2017</u>	<u>2016</u>
Current assets			
Cash and cash equivalents - operations fund		\$ 548,411	\$ 436,073
- audience development fund		50,000	50,000
Short-term investment		86,604	85,872
Accounts receivable - operations fund		24,148	7,740
- special projects and events development fund		584	580
Prepaid expenses		<u>10,827</u>	<u>14,751</u>
		720,574	595,016
Cash held for succession planning fund		100,000	100,000
Short-term investment held for special projects and events development fund		97,345	96,523
Capital assets (note 3)		<u>149,832</u>	<u>156,814</u>
		<u>\$ 1,067,751</u>	<u>\$ 948,353</u>

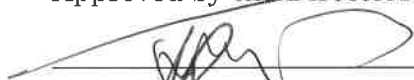

LIABILITIES

Current liabilities			
Accounts payable		\$ 33,908	\$ 29,369
Government remittance payable		9,473	4,485
Deferred subscriptions and ticket sales, grants, sponsorships and other revenue (note 4)		<u>463,534</u>	<u>401,031</u>
		<u>506,915</u>	<u>434,885</u>

NET ASSETS

Operations fund		163,075	109,551
Audience development fund		50,000	50,000
Succession planning fund		100,000	100,000
Special projects and events development fund		97,929	97,103
Capital asset fund		<u>149,832</u>	<u>156,814</u>
		<u>560,836</u>	<u>513,468</u>
		<u>\$ 1,067,751</u>	<u>\$ 948,353</u>

Approved by the Directors

 _____, Director
 _____, Director

VANCOUVER RECITAL SOCIETY
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED AUGUST 31, 2017

	<u>2017</u>	<u>2016</u>
Revenue		
Subscriptions and ticket sales	\$ 460,833	\$ 493,294
Direct access gaming	22,500	30,000
Grants and donations - Foundations	260,260	198,654
Grants - Government	51,246	60,295
Sponsorships	<u>101,500</u>	<u>105,000</u>
	<u>896,339</u>	<u>887,243</u>
Allocated concert expenses		
Artists' fees, travel and accommodation	408,025	541,504
Commissions on ticket sales	14,850	11,133
Marketing and publicity	152,676	145,532
Other production costs	67,315	73,491
Theatre rent	<u>72,280</u>	<u>83,220</u>
	<u>715,146</u>	<u>854,880</u>
	181,193	32,363
Other income		
CD and book sales, net	268	48
Donations	310,270	285,764
Foreign exchange gain (loss)	(18,511)	2,292
Interest and miscellaneous	3,778	7,675
Special events, net	318	---
Vancouver Foundation distribution (note 5)	<u>16,502</u>	<u>15,663</u>
Contribution towards unallocated production and other expenses	<u>493,818</u>	<u>343,805</u>
Unallocated production and other expenses		
Amortization	13,708	15,352
Wages and consulting fees	317,716	298,047
Fundraising costs	5,560	2,235
Office and miscellaneous	<u>109,466</u>	<u>102,966</u>
	<u>446,450</u>	<u>418,600</u>
Excess (deficiency) of revenue over expenses for the year	<u>\$ 47,368</u>	<u>\$ (74,795)</u>

See accompanying notes to the financial statements.

VANCOUVER RECITAL SOCIETY
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED AUGUST 31, 2017

	Operations Fund	Audience Development Fund	Succession Planning Fund	Special Projects and Events Development Fund	Capital Asset Fund	Total
	2017	2017	2017	2017	2017	2016
Net assets, beginning of the year	\$ 109,551	\$ 50,000	\$ 100,000	\$ 97,103	\$ 156,814	\$ 588,263
Acquisition of capital assets	(6,726)	---	---	---	6,726	---
Excess (deficiency) of revenue over expenses for the year	60,250	---	---	826	(13,708)	(74,795)
Net assets, end of the year	\$ 163,075	\$ 50,000	\$ 100,000	\$ 97,929	\$ 149,832	\$ 513,468

See accompanying notes to the financial statements.

VANCOUVER RECITAL SOCIETY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2017

	<u>2017</u>	<u>2016</u>
Cash from (used in) operating activities		
Excess (deficiency) of revenue over expenses for the year \$	47,368	\$ (74,795)
Item not involving cash		
Amortization	<u>13,708</u>	<u>15,352</u>
	61,076	(59,443)
Net change in non-cash working capital balances		
Accounts receivable	(16,412)	37,936
Prepaid expenses	3,924	(4,896)
Accounts payable	4,539	3,283
Government remittances payable	4,988	(8,539)
Deferred subscriptions and ticket sales, grants, sponsorships and other revenue, net	<u>62,503</u>	<u>(49,453)</u>
	<u>120,618</u>	<u>(81,112)</u>
Cash used in investing activities		
Increase in short-term investment	(732)	(976)
Increase in short-term investment held for special projects and events development fund	(822)	(1,098)
Acquisition of capital assets	<u>(6,726)</u>	<u>---</u>
	<u>(8,280)</u>	<u>(2,074)</u>
Increase (decrease) in cash during the year	112,338	(83,186)
Cash and cash equivalents, beginning of the year	<u>486,073</u>	<u>569,259</u>
Cash and cash equivalents, end of the year	<u>\$ 598,411</u>	<u>\$ 486,073</u>

See accompanying notes to the financial statements.

VANCOUVER RECITAL SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2017

2. Summary of significant accounting policies - continued

- i) Use of estimates - The preparation of 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 reporting period. Actual results could differ from those estimates. Significant areas requiring the use of management estimates relate to the determination of useful lives of capital assets, for purposes of calculating amortization.

3. Capital assets

	<u>2017</u>		<u>2016</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>	<u>Net</u>
Furniture and equipment	\$ 116,967	\$ 86,764	\$ 30,203	\$ 30,889
Piano	194,679	75,050	119,629	125,925
	<u>\$ 311,646</u>	<u>\$ 161,814</u>	<u>\$ 149,832</u>	<u>\$ 156,814</u>

4. Deferred subscriptions and ticket sales, grants, sponsorships and other revenue

	<u>2017</u>		
	<u>Subscriptions and ticket sales</u>	<u>Grants, sponsorships and other</u>	<u>Total</u>
Balance, beginning of the year	\$ 310,577	\$ 90,454	\$ 401,031
Amounts realized	(310,577)	(90,454)	(401,031)
Amounts received	<u>335,414</u>	<u>128,120</u>	<u>463,534</u>
Balance, end of the year	<u>\$ 335,414</u>	<u>\$ 128,120</u>	<u>\$ 463,534</u>
	<u>2016</u>		
	<u>Subscriptions and ticket sales</u>	<u>Grants, sponsorships and other</u>	<u>Total</u>
Balance, beginning of the year	\$ 318,417	\$ 132,067	\$ 450,484
Amounts realized	(318,417)	(132,067)	(450,484)
Amounts received	<u>310,577</u>	<u>90,454</u>	<u>401,031</u>
Balance, end of the year	<u>\$ 310,577</u>	<u>\$ 90,454</u>	<u>\$ 401,031</u>

VANCOUVER RECITAL SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2017

7. Financial instruments risk - continued

iv) Liquidity risk - Liquidity risk relates to the risk the society will encounter difficulty in meeting its obligations associated with financial liabilities. Its financial liabilities consist of accounts payable and government remittances payable. Management closely monitors cash flow requirements to ensure that it has sufficient cash available to meet operational and financial obligations.

8. Remuneration

During the year one person (2016 - one) received remuneration of at least \$75,000 and the remuneration amounted to \$85,000 (2016 - \$85,000) in total.

9. Subsequent event

The society received an unrestricted bequest of \$100,000 on September 21, 2017.