

VANCOUVER RECITAL SOCIETY

Vancouver, BC

FINANCIAL STATEMENTS

August 31, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Members of Vancouver Recital Society:

Qualified Opinion

We have audited the financial statements of Vancouver Recital Society (the "Society"), which comprise the statement of financial position as at August 31, 2024, and the statement of operations, the statement of changes in net assets, and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at August 31, 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 not-for-profit organizations, the Society derives some revenue from voluntary contributions the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Society. Therefore, we were not able to determine whether any adjustments might be necessary to donations revenue, excess of revenue over expenses, and cash flows from operating activities for the years ended August 31, 2024 and 2023, current assets as at August 31, 2024 and 2023, and net assets as at September 1 and August 31 for both the 2024 and 2023 years. Our audit opinion on the financial statements for the year ended August 31, 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 Society 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 opinion.

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 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.

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 (British Columbia), we report that, in our opinion, the accounting principles in the Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Baker Tilly WM LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, B.C.
January 21, 2025

VANCOUVER RECITAL SOCIETY

STATEMENT OF OPERATIONS

For the year ended August 31, 2024

	2024	2023
	\$	\$
Revenues		
Subscription and ticket sales	366,850	452,323
Grants and donations - Foundations	379,904	439,146
Sponsorship	130,000	130,000
Grants from City of Vancouver (Note 1)	78,080	73,665
Grants from Provincial government	-	31,800
Community gaming grant	10,000	20,000
	<u>964,834</u>	<u>1,146,934</u>
Concert expenses		
Artists' fees, travel and accommodation	447,199	439,607
Commission on ticket sales	3,544	5,009
Marketing and publicity	136,271	139,997
Other production costs	79,216	67,682
Theatre rent (Note 1)	93,636	98,847
	<u>759,866</u>	<u>751,142</u>
	<u>204,968</u>	<u>395,792</u>
Other income (expenses)		
Donation revenue	450,763	739,669
Vancouver Foundation distributions (Notes 4 and 9)	115,460	89,586
Miscellaneous income	10,780	17,371
Foreign exchange gain	5,228	20,635
Piano rental	1,905	5,000
Loss on disposal of capital assets	-	(7,702)
	<u>584,136</u>	<u>864,559</u>
Contribution towards unallocated production and other expenses	<u>789,104</u>	<u>1,260,351</u>
Other expenses		
Amortization	7,107	9,922
Fundraising costs	14,513	4,893
Office and miscellaneous	144,407	170,204
Wages and consulting fees	530,275	529,730
	<u>696,302</u>	<u>714,749</u>
Excess of revenue over expenses for the year	<u>92,802</u>	<u>545,602</u>

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

VANCOUVER RECITAL SOCIETY

STATEMENT OF CHANGES IN NET ASSETS

For the year ended August 31, 2024

	Operations Fund \$	CRM Acquisition Fund \$	Capital Asset Fund \$	Total 2024 \$	Total 2023 \$
Balance, beginning	2,426,545	100,000	101,256	2,627,801	2,082,199
Excess of revenue over expenses for the year	99,909	-	(7,107)	92,802	545,602
Acquisition of intangible asset	(24,000)	-	24,000	-	-
Balance, ending	2,502,454	100,000	118,149	2,720,603	2,627,801

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

VANCOUVER RECITAL SOCIETY

STATEMENT OF FINANCIAL POSITION


August 31, 2024

	2024	2023
	\$	\$
Assets		
Current		
Cash (Note 2)		
Operations Fund	1,439,738	1,051,063
CRM Acquisition Fund	100,000	100,000
Accounts receivable (Note 3)	72,445	187,585
Prepaid expenses	<u>5,466</u>	<u>9,751</u>
	1,617,649	1,348,399
Long-term investment (Note 4)	1,800,000	1,800,000
Capital assets (Note 5)	94,149	101,256
Intangible asset (Note 6)	<u>24,000</u>	-
	3,535,798	3,249,655
Liabilities		
Current		
Accounts payable and accrued liabilities	70,910	54,441
Government remittances payable	23,321	17,965
Deferred subscriptions and ticket sales, grants, sponsorship and other revenue (Note 7)	<u>720,964</u>	<u>549,448</u>
	815,195	621,854
Fund Balances		
Operations Fund	2,502,454	2,426,545
CRM Acquisition Fund	100,000	100,000
Capital Asset Fund	<u>118,149</u>	<u>101,256</u>
	2,720,603	2,627,801
	3,535,798	3,249,655

Commitments (Note 10)

Approved by the Directors:





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

VANCOUVER RECITAL SOCIETY

STATEMENT OF CASH FLOWS

For the year ended August 31, 2024

	2024	2023
	\$	\$
Cash flows related to operating activities		
Excess of revenue over expenses for the year	92,802	545,602
Adjustments for items which do not affect cash:		
Grants - City of Vancouver	(78,080)	(73,665)
Donation revenue	(69,721)	(60,836)
Loss on disposal of equipment	-	7,702
Amortization	7,107	9,922
Theatre rent	78,080	73,665
	<u>30,188</u>	502,390
Changes in non-cash working capital:		
Accounts receivable	115,140	(186,187)
Prepaid expenses	4,285	(1,604)
Accounts payable and accrued liabilities	16,469	17,983
Government remittances payable	5,356	5,546
Deferred subscriptions and ticket sales, grants, sponsorship and other revenue	171,516	169,438
	<u>342,954</u>	507,566
Cash flows related to investing activities		
Acquisition of intangible asset	(24,000)	-
Proceeds from sale of quoted equity securities	69,721	60,836
Acquisition of long-term investment	-	(975,000)
Acquisition of capital assets	-	(348)
	<u>45,721</u>	(914,512)
Net increase (decrease) in cash	388,675	(406,946)
Cash, beginning	1,151,063	1,558,009
Cash, ending	1,539,738	1,151,063
Cash consists of:		
Operations fund	1,439,738	1,051,063
CRM acquisition fund	100,000	100,000
	<u>1,539,738</u>	1,151,063

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

VANCOUVER RECITAL SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2024

Vancouver Recital Society (the "Society") is a registered charitable organization which was incorporated on June 5, 1980. The purpose of the Society is to promote and foster musical life in the province of British Columbia. The Society presents a recital series. The Society is a registered charity under the Income Tax Act and, as such, is exempt from income taxes.

1. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Fund accounting

The Society follows the restricted fund method of accounting for contributions. Under this method, each fund retains the donations received and makes expenditures in accordance with either the stated purpose of the designated fund or as specified by the donor, as the case may be.

i) Operations fund

The operations fund includes those amounts which pertain to the Society's operations. The operations fund absorbs all administrative costs pertaining to the Society.

ii) CRM acquisition fund

The CRM acquisition fund includes amounts internally restricted by the board of directors for acquiring new ticketing and customer relationship management (CRM) system.

iii) Capital asset fund

The capital asset fund includes the furniture and equipment, piano, leasehold improvements, and an intangible asset recorded on the books of the Society as well as proceeds received from the sale of capital assets and donations received for the acquisition of capital assets.

Financial instruments

Arm's Length Transactions

Measurement of financial instruments

The Society measures its financial assets and financial liabilities at fair value at the acquisition date, except for financial assets and financial liabilities acquired in related party transactions.

The Society subsequently measures all of its financial assets and financial liabilities at amortized cost.

VANCOUVER RECITAL SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2024

1. Summary of significant accounting policies (continued)

Financial instruments (continued)

Related Party Transactions

Measurement of related party financial instruments

The Society measures all related party financial instruments recognized in these financial statements at either the cost of the related party financial instrument, or at the cost of the consideration exchanged for the related party financial instrument. Measurement is based on the nature of the financial instrument, and depends on whether the instrument has repayment terms. The Society has no related party financial instruments required to be measured at fair value.

When the instrument has repayment terms, the cost is determined using the undiscounted cash flows, excluding interest and dividend payments, and less any impairment losses previously recognized by the transferor.

When the related party financial instrument has no repayment terms, the cost of the instrument is determined using the consideration transferred or received.

Related party financial instruments initially measured at cost are subsequently measured using the cost method.

Transaction Costs

Transaction costs related to the acquisition or issuance of financial instruments subsequently measured at fair value and to instruments originated or exchanged in a related party transaction are recognized in excess of revenue over expenses when incurred. The carrying amounts of financial instruments not subsequently measured at fair value are adjusted by the amount of the transaction costs directly attributable to the acquisition or issuance of the instrument, and the adjustment is recognized in excess of revenue over expenses over the life of the instrument using the straight-line method.

Impairment

Financial assets measured at amortized cost and related party financial assets measured using the cost method are assessed for indications of impairment at the end of each reporting period. If impairment is identified, the amount of the write-down is recognized as an impairment loss in excess of revenue over expenses. Previously recognized impairment losses are reversed when the extent of the impairment decreases, provided that the adjusted carrying amount is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

Capital assets

Capital assets are recorded at cost less accumulated amortization. Amortization is calculated annually as follows:

Furniture and equipment	20 and 30% declining balance
Piano	5% declining balance

VANCOUVER RECITAL SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2024

1. Summary of significant accounting policies (continued)

Capital assets (continued)

except in the year of acquisition, at which time amortization is provided for based on the date the asset is put into service.

Capital assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. An impairment loss is recognized when the carrying amount of an asset is not recoverable and exceeds its fair value or replacement cost. Write-downs are not reversed.

Intangible asset

The intangible asset consists of expenditures for a new website. The website is carried at cost less accumulated amortization. Amortization will be calculated annually once the website is completed, the useful life determined and the website is in use.

The intangible asset is tested for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of an asset is not recoverable and exceeds its fair value or replacement cost. Write-downs are not reversed.

Revenue recognition

Revenues are recorded when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Subscriptions and ticket sales, grants, sponsorships and other revenue which relate to activities of a subsequent year, are reflected as deferred revenue at year-end. Restricted contributions to the operations fund are recognized as revenue in the year in which the related expenses are incurred.

Contributed materials and services

Contributed materials and services are not recognized in the financial statements unless they are substantial, a fair value can be reasonably estimated and the materials and services are used in the normal course of operations and would otherwise have been purchased. No contributed materials and services were recognized in the year except for theatre rent paid by another organization which is reflected as Grants from City of Vancouver of \$78,080 during the year ended August 31, 2024 (2023 - \$73,665) with a corresponding charge recorded as theatre rent.

Non-monetary donations

Periodically the Society receives shares of quoted equity securities as donations. These non-monetary donations are measured at the quoted closing price on the day received.

Foreign currency translation

The Society follows the temporal method of translation whereby monetary assets and liabilities are translated at the exchange rate in effect at the fiscal year end, non-monetary items are translated at historical exchange rates, and revenue and expenses are translated at the exchange rate in effect at the time the revenue is earned or the expense is incurred. Translation gains and losses are included in the statement of operations.

VANCOUVER RECITAL SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2024

1. Summary of significant accounting policies (continued)

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 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.

2. Cash

Included in cash - operations fund at August 31, 2024 is \$2,383 (2023 - \$10,271) of restricted cash received from the Province of British Columbia Community Gaming Grant. This cash is to be used for the 2025 fiscal year to assist with artist fees, production, marketing, and other costs essential to the direct delivery of the recital series. Also included in cash - operations fund at August 31, 2024 is \$354,224 in U.S. dollars (2023 - \$302,986 in U.S. dollars).

3. Accounts receivable

	2024	2023
	\$	\$
Sponsorship receivable	-	130,000
Vancouver Foundation distributions receivable	69,294	46,346
Donations receivable	-	8,360
Miscellaneous receivables	3,151	2,879
	<u>72,445</u>	<u>187,585</u>

4. Long-term investment

Long-term investment is an investment in units of the Vancouver Foundation's Consolidated Trust Fund (the "Fund"). The Fund has transferable terms where the Society is able to request a redemption. Income earned is allocated to the Fund on a quarterly basis.

VANCOUVER RECITAL SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2024

5. Capital assets

	Cost	Accumulated amortization	2024 Net carrying amount	2023 Net carrying amount
	\$	\$	\$	\$
Furniture and equipment	125,226	114,618	10,608	13,318
Piano	194,679	111,138	83,541	87,938
	<u>319,905</u>	<u>225,756</u>	<u>94,149</u>	<u>101,256</u>

6. Intangible asset

	Cost	Accumulated amortization	2024 Net carrying amount	2023 Net carrying amount
	\$	\$	\$	\$
Website	24,000	-	24,000	-

The website was not amortized during the year as it is not yet in service.

7. Deferred subscriptions and ticket sales, grants, sponsorship and other revenue

	2024		
	Subscriptions and ticket sales	Grants, sponsorships and other	Total
	\$	\$	\$
Balance, beginning of year	166,018	383,430	549,448
Amounts realized	(166,018)	(358,430)	(524,448)
Amounts received	<u>525,869</u>	<u>170,095</u>	<u>695,964</u>
Balance, end of year	<u>525,869</u>	<u>195,095</u>	<u>720,964</u>

VANCOUVER RECITAL SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2024

7. Deferred subscriptions and ticket sales, grants, sponsorship and other revenue (continued)

	2023		
	Subscriptions and ticket sales	Grants, sponsorships and other	Total
	\$	\$	\$
Balance, beginning of year	102,449	277,561	380,010
Amounts realized	(102,449)	(252,561)	(355,010)
Amounts received	<u>166,018</u>	<u>358,430</u>	<u>524,448</u>
Balance, end of year	<u>166,018</u>	<u>383,430</u>	<u>549,448</u>

8. Non-monetary donations

During the year ended August 31, 2024, the Society received donations of quoted equity securities which were immediately disposed of for \$69,721 (2023 - \$62,887).

9. Vancouver Foundation endowment fund

Pursuant to an agreement entered into during 1993, an endowment fund with the Vancouver Foundation was established. Annual income from the fund is distributed to the Society. The Society is restricted in its right to withdraw any assets contributed to the endowment fund. The contributions to the endowment fund are held in perpetuity. Accordingly, the endowment fund is not reflected in the financial statements.

10. Commitments

Under the terms of an office operating lease which expires March 31, 2028, the Society is committed to make the following payments:

	\$
2025	31,853
2026	32,454
2027	32,454
2028	<u>16,227</u>
	<u>112,988</u>

VANCOUVER RECITAL SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2024

10. Commitments (continued)

Under the terms of agreements with artists, the Society has agreed to pay artists' fees of approximately \$644,140 for performances in fiscal 2025 (2023 - \$375,713 for performances in fiscal 2024). Under various agreements, the Society is also required to pay certain artists travel costs as incurred related to future performances.

During the year, the Society paid \$24,000 for services rendered relating to development of their website. Under the terms of the agreement with the supplier, the Society has agreed to pay an additional \$24,000 upon completion of the website.

11. Financial instrument risks

Items that meet the definition of a financial instrument include cash, accounts receivable, long-term investment, accounts payable and accrued liabilities, and government remittances payable. Financial instrument transactions, such as purchasing and selling foreign currency, collecting receivables, and settling payables may result in exposure to significant financial risks and concentrations of risk.

The Society's policy is to liquidate shares of quoted equity securities promptly upon receipt so as to minimize any exposure to other price risk.

The nature and extent of significant risks as at August 31, 2024 are described below. There have been no changes to the significant risks from the prior year.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market prices. Market risk includes currency risk and other price risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in foreign exchange rates. The Society undertakes transactions in foreign currencies, and consequently, certain of its financial instruments are exposed to foreign currency fluctuations. As at August 31, 2024, cash balances, presented in Canadian dollars, of \$477,884 (2023: \$409,970) are denominated in U.S. dollars. In addition, under the terms of agreements with artists, the Society has agreed to pay artists' fees of approximately \$613,841 Canadian dollars which are denominated in U.S. dollars (2023: \$353,363 Canadian dollars which are denominated in U.S. dollars).

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 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 Society is exposed to significant other price risk in respect of its long-term investment in units of the Vancouver Foundation's Consolidated Trust Fund.

VANCOUVER RECITAL SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2024

12. Remuneration of Directors, Employees and Contractors

In accordance with the Societies Act (British Columbia), the association is required to disclose the remuneration paid to members of the Board of Directors during the year, and the remuneration paid to all employees and contractors whose remuneration during the year were at least \$75,000.

Included in wages and consulting fees is a total of \$346,117 paid to 3 employees (2023: \$342,697 paid to 3 employees). No contractors received remuneration over \$75,000 (2023: \$Nil). No remuneration was paid to members of the Board of Directors in the years ended August 31, 2024 and 2023.