
ORCHESTRAS CANADA

FINANCIAL STATEMENTS

MARCH 31, 2010

AUDITORS' REPORT

To the Members,
Orchestras Canada

We have audited the statement of financial position of Orchestras Canada as at March 31, 2010 and the statements of changes in net assets and operations for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the organization derives revenue from memberships, donations and fundraising, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, verification of this revenue was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to memberships, donation and fundraising revenue, excess of revenue over expenses for the year, assets and net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of memberships, donation and fundraising revenue referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Cowperthwaite Mehta

Chartered Accountants
Licensed Public Accountants

May 29, 2010
Toronto, Ontario


ORCHESTRAS CANADA

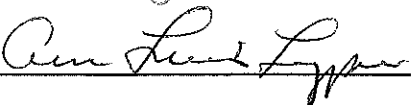
STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2010

	<u>2010</u>	<u>2009</u>
ASSETS		
Current assets		
Cash	\$ 97,983	\$ 78,224
Guaranteed investment certificates (note 5)	50,000	50,000
Accounts receivable	6,421	7,245
Prepaid expenses	<u>7,502</u>	<u>3,239</u>
	<u>\$ 161,906</u>	<u>\$ 138,708</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 8,454	\$ 10,380
Deferred grant revenue (note 6)	<u>15,500</u>	<u>-</u>
	<u>23,954</u>	<u>10,380</u>
Net assets		
Designated (note 7)	52,260	42,636
Unrestricted	<u>85,692</u>	<u>85,692</u>
	<u>137,952</u>	<u>128,328</u>
	<u>\$ 161,906</u>	<u>\$ 138,708</u>

Approved on behalf of the Board:


_____, Director


_____, Director

see accompanying notes

ORCHESTRAS CANADA

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2010

	2010			2009
	Unrestricted	Designated	Total	Total
Balance, beginning of year	\$ 85,692	\$ 42,636	\$ 128,328	\$ 108,284
Excess of revenue over expenses	9,624	-	9,624	20,044
Transfer to designated net assets	<u>(9,624)</u>	<u>9,624</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 85,692</u>	<u>\$ 52,260</u>	<u>\$ 137,952</u>	<u>\$ 128,328</u>

see accompanying notes

ORCHESTRAS CANADA

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2010

	2010	2009
REVENUE		
Grants (note 8)	\$ 214,792	\$ 197,231
Memberships (note 9)	86,767	80,248
Donations and fundraising	22,523	22,168
Conferences	14,013	23,395
Employment services	7,098	7,601
Interest	4,021	5,019
Other	4,157	-
	<u>353,371</u>	<u>335,662</u>
EXPENSES		
Personnel	149,075	131,763
Public affairs	30,815	24,011
Conference	25,830	23,511
Special projects	24,127	20,795
Board meetings	23,208	22,059
Networking and outreach	19,048	16,286
Occupancy costs	18,652	18,530
Office and general	18,356	18,927
Communications	17,098	16,418
Travel	5,705	4,772
Telephone	5,121	4,596
Insurance	2,890	2,863
Professional fees	2,500	2,629
Interest and bank charges	1,322	1,474
Amortization	-	6,984
	<u>343,747</u>	<u>315,618</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	<u>\$ 9,624</u>	<u>\$ 20,044</u>

see accompanying notes

ORCHESTRAS CANADA

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2010

1. THE ORGANIZATION

Orchestras Canada (the "organization") is a not-for-profit organization incorporated without share capital in the Province of Ontario.

The organization provides an infrastructure of information, communication, education and support to the Canadian orchestral community. Its membership includes professional, community and youth orchestras, chamber ensembles, musicians and conductors, as well as many organizations and individuals who believe in promoting orchestral music as a unique part of Canadian heritage.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Preparation of these financial statements in accordance with Canadian generally accepted accounting principles on a basis consistent with prior years is the responsibility of management. Accounting principles used include the following significant policies:

Financial instruments

The organization's financial instruments consist of cash, guaranteed investment certificates, amounts receivable, accounts payable and accrued liabilities. The organization classifies its financial instruments into one of the following categories based on the purpose for which the asset was acquired. The organization's accounting policy for each category is as follows:

Held-for-trading - This category comprises guaranteed investment certificates. Guaranteed investment certificates are classified as held-for-trading based on management's intention to have the funds available for working capital requirements and are recorded at cost plus accrued interest income, which management believes approximates the fair value of these instruments. Unrealized and realized gains and losses on these investments, if any, are recognized as revenue in the period they arise.

Other financial assets and liabilities - Other financial assets and liabilities are carried at cost, which approximates their fair value due to their short-term nature.

Capital Assets

Equipment and furniture purchases and renovation costs are capitalized in the accounts in the year of purchase and amortized on a straight-line basis over five years. Leasehold improvements are amortized over the term of the lease.

Use of Estimates

The preparation of these financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the year in which they become known.

ORCHESTRAS CANADA

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

The organization follows the deferral method of revenue recognition. Under the deferral method, amounts received in the year for expenses to be incurred in the following year are recorded as deferred revenue. The organization's principal sources of revenue and recognition of these revenues for financial statement purposes are as follows:

- i) Unrestricted grants are recognized as revenue when they are received or receivable if the amount received can be reasonably estimated and collection is reasonably assured. Restricted grants and donations are recognized as revenue in the year in which the related expenses are incurred.
- ii) Fundraising revenue is recognized in the year in which the related event occurs.
- iii) Membership fees are recognized as revenue in the year to which they apply.
- iv) Donation revenue is recorded when funds are received. Donated materials and services which are normally purchased by the organization are not recorded in the accounts.
- v) Interest income is recognized as revenue when earned.

3. RISK MANAGEMENT

It is management's opinion that the organization is not exposed to significant interest, currency, market or credit risks arising from these financial instruments.

4. MANAGEMENT OF CAPITAL

In managing capital, the organization focuses on liquid resources available for operations. The organization's objective is to have sufficient liquid resources to continue operating despite adverse events with financial consequences and to provide the organization with the flexibility to take advantage of opportunities that will advance its purposes. The need for sufficient liquid resources is considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to budget. As at March 31, 2010, the organization had met its objective of having sufficient liquid resources to meet its current obligations.

5. BANK LOAN AND LINE OF CREDIT

The organization has a business line of credit of \$45,000 which bears interest at prime + ¼%. The business line of credit is secured by the organization's guaranteed investment certificates. As at March 31, 2010, none of the line of credit had been drawn down.

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NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2010

6. DEFERRED GRANTS

Continuity of deferred grant revenue for the year is as follows:

	2010	2009
Deferred grant revenue, beginning of year	\$ -	\$ -
Add cash received from grants in year	230,292	197,231
Less grant revenue recognized in year (note 8)	<u>(214,792)</u>	<u>(197,231)</u>
Deferred grant revenue, end of year	<u>\$ 15,500</u>	<u>\$ -</u>

7. DESIGNATED NET ASSETS

The Board of Directors of the organization has designated net assets of \$52,260 for future strategic initiatives and to provide for unexpected financial contingencies. Expenditure of these funds requires prior approval by the Board of Directors.

8. GRANT REVENUE

Grant revenue recognized in the year was as follows:

	2010	2009
Canada Council for the Arts		
Operating	\$ 100,000	\$ 100,000
Special projects	24,500	-
Supplementary operating	-	19,625
Flying Squad	4,500	-
Ontario Arts Council		
Operating	75,445	75,445
Compass	1,500	-
Ministry of Culture, Province of Ontario	2,347	2,161
Other federal grants	<u>6,500</u>	<u>-</u>
	<u>\$ 214,792</u>	<u>\$ 197,231</u>

9. MEMBERSHIP REVENUE

Membership fees earned in the year were as follows:

	2010	2009
Orchestras	\$ 69,007	\$ 62,138
Organizations	12,735	12,635
Individuals	<u>5,025</u>	<u>5,475</u>
	<u>\$ 86,767</u>	<u>\$ 80,248</u>

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NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2010

10. ENDOWMENTS WITH THE ONTARIO ARTS FOUNDATION

Orchestras Canada established the Orchestras Canada Arts Endowment Fund at the Ontario Arts Foundation (OAF) under the terms of the Arts Endowment Fund (AEF) Program. The AEF was a program of the Government of Ontario through the Ministry of Culture and administered by the OAF.

The Orchestras Canada Arts Endowment Fund will be held in perpetuity for Orchestras Canada. The market value of the Orchestras Canada Arts Endowment Fund as at March 31, 2010 was \$134,581 (\$114,774 as at March 31, 2009) These funds held in trust are not reflected in these financial statements.

Orchestras Canada receives investment income from the Orchestras Canada Arts Endowment Fund to be used for operations. During the year, Orchestras Canada received investment income of \$3,625 from the Orchestras Canada Arts Endowment Fund (\$2,383 in 2009)

11. LEASE COMMITMENT

The organization leases office space in Toronto, Ontario. Minimum yearly payments under the terms of the lease are as follows:

2011	18,900
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12. INCOME TAX STATUS

The organization is exempt from income tax in Canada as a registered charitable organization under the Income Tax Act (Canada).