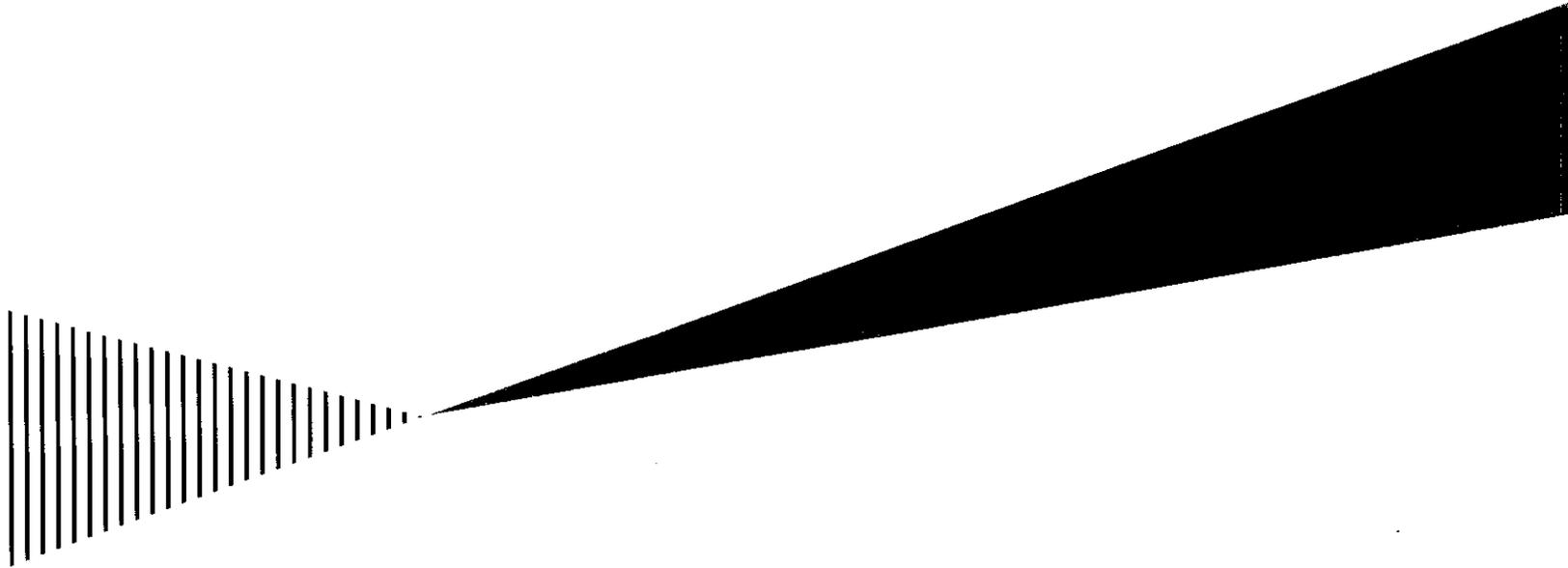


Financial Statements

The Toronto Symphony

June 30, 2015



Building a better
working world

INDEPENDENT AUDITORS' REPORT

To the Members of
The Toronto Symphony

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **The Toronto Symphony**, which comprise the statement of financial position as at June 30, 2015 and the statements of operations, changes in net deficiency 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.

Auditors' 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 auditors' judgment, 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 auditors consider 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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **The Toronto Symphony** as at June 30, 2015 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Corporations Act (Ontario), we report that, in our opinion, Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Toronto, Canada
November 6, 2015

Ernst + Young LLP

Chartered Professional Accountants
Licensed Public Accountants



The Toronto Symphony
 Incorporated without share capital under the laws of Ontario

STATEMENT OF FINANCIAL POSITION

As at June 30

	2015 \$	2014 \$
ASSETS [note 5]		
Current		
Accounts receivable [notes 3 and 10[a]]	1,339,252	995,494
Prepaid expenses	253,656	393,720
Total current assets	1,592,908	1,389,214
Capital assets, net [note 4]	580,586	524,609
	2,173,494	1,913,823
LIABILITIES AND NET DEFICIENCY		
Current		
Bank indebtedness [note 5]	7,297,277	5,807,695
Accounts payable and accrued liabilities [note 6]	1,202,693	1,171,486
Advance ticket sales	3,940,005	4,443,805
Deferred operating grants	1,227,250	627,085
Other deferred revenue	216,740	1,634,582
Total current liabilities	13,883,965	13,684,653
Deferred capital contributions [note 7]	100,771	149,093
Deferred lease inducement	34,150	61,250
Total liabilities	14,018,886	13,894,996
Commitments [note 12]		
Net deficiency	(11,845,392)	(11,981,173)
	2,173,494	1,913,823

See accompanying notes

On behalf of the Board:

Chris Hodgson

Director



Director

The Toronto Symphony

STATEMENT OF OPERATIONS

Year ended June 30

	2015 \$	2014 \$
REVENUE		
Fundraising [excluding funds raised for The Toronto Symphony Foundation] [notes 7 and 10[b]]	9,480,073	6,035,913
Subscriptions and other tickets [note 8]	8,886,481	8,719,551
Government grants [note 9]	5,435,130	5,291,200
The Toronto Symphony Foundation [note 10[a]]	2,261,000	2,206,000
Other	987,312	517,786
Fundraising special events	572,907	661,331
Education	365,845	424,408
Toronto Symphony Volunteer Committee	100,000	84,000
	28,088,748	23,940,189
EXPENSES		
Production	16,629,282	15,448,031
Marketing	4,112,486	3,568,400
Administration	3,166,461	2,469,962
Touring	1,912,101	121,083
Fundraising [note 10[b]]	1,645,996	1,674,814
Fundraising special events	272,316	234,868
Interest [note 5]	214,325	200,702
	27,952,967	23,717,860
Surplus of revenue over expenses for the year	135,781	222,329

See accompanying notes

The Toronto Symphony

**STATEMENT OF CHANGES IN
NET DEFICIENCY**

Year ended June 30

	2015 \$	2014 \$
Net deficiency, beginning of year	(11,981,173)	(12,203,502)
Surplus of revenue over expenses for the year	135,781	222,329
Net deficiency, end of year	(11,845,392)	(11,981,173)

See accompanying notes

The Toronto Symphony

STATEMENT OF CASH FLOWS

Year ended June 30

	2015	2014
	\$	\$
OPERATING ACTIVITIES		
Surplus of revenue over expenses for the year	135,781	222,329
Add (deduct) items not involving cash		
Amortization of capital assets	168,766	124,405
Amortization of deferred capital contributions	(48,322)	(37,483)
Amortization of deferred lease inducement	(27,100)	(27,100)
	229,125	282,151
Changes in non-cash working capital balances related to operations		
Accounts receivable	(343,758)	(59,970)
Prepaid expenses	140,064	(230,202)
Accounts payable and accrued liabilities	31,207	(578,734)
Advance ticket sales	(503,800)	(229,381)
Deferred operating grants	600,165	43,567
Other deferred revenue	(1,417,842)	1,445,889
Cash provided by (used in) operating activities	(1,264,839)	673,320
INVESTING ACTIVITIES		
Purchase of capital assets	(224,743)	(51,278)
Deferred capital contributions	—	146,576
Cash provided by (used in) investing activities	(224,743)	95,298
FINANCING ACTIVITIES		
Increase (decrease) in bank indebtedness	1,489,582	(768,618)
Cash provided by (used in) financing activities	1,489,582	(768,618)
Net change in cash during the year	—	—
Cash, beginning of year	—	—
Cash, end of year	—	—

See accompanying notes

The Toronto Symphony

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

1. DESCRIPTION OF ORGANIZATION

The Toronto Symphony [the "Symphony"] is a not-for-profit performing arts organization incorporated under the Corporations Act (Ontario). The Symphony provides performances of orchestral repertoire and serves a spectrum of musical needs within the Toronto community. The Symphony is registered under the Income Tax Act (Canada) as a charitable organization and, as such, is exempt from income taxes.

The financial statements of the Symphony do not include the net assets and income of The Toronto Symphony Foundation [the "Foundation"] [note 10] or the Toronto Symphony Volunteer Committee as both organizations are independent legal entities. Both organizations, at their discretion, provide funds to the Symphony each year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Part III of the Chartered Professional Accountants of Canada ["CPA Canada"] Handbook – Accounting, which sets out generally accepted accounting principles for not-for-profit organizations in Canada and includes the significant accounting policies summarized as follows:

Revenue recognition

The Symphony follows the deferral method of accounting for contributions, which include grants and donations. Grants, bequests and unrestricted contributions are recorded in the accounts when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Unrestricted contributions are recognized as revenue when initially recorded in the accounts. Externally restricted contributions are deferred when initially recorded in the accounts and recognized as revenue in the year in which the related expenses are recognized. Externally restricted contributions for depreciable capital assets are deferred and amortized over the life of the related capital asset. Revenue from ticket sales, sponsorships and fees is recognized in the accounts at the date of the performance.

Financial instruments

Financial instruments, including accounts receivable and accounts payable and accrued liabilities, are initially recorded at their fair value and are subsequently measured at cost, net of any provisions for impairment.

The Toronto Symphony

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Capital assets

Purchased capital assets are recorded at cost. Donated capital assets are recorded at fair value at the date of contribution. Amortization is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Tangible

Computer equipment	3 – 5 years
Other machinery and equipment	3 – 10 years
Musical instruments	10 years
Leasehold improvements	Over the term of the lease

Intangible

Computer software	3 – 8 years
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Employee and musician benefit plans

For multi-employer defined benefit pension plans and defined contribution plans in which the Symphony's employees and musicians participate, contributions are expensed as due. Multi-employer defined benefit pension plans are accounted for consistent with defined contribution pension plans since the plan does not provide sufficient information for the Symphony to apply defined benefit plan accounting.

Foreign currency translation

Revenue and expenses denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the transaction date. Monetary assets and liabilities are translated into Canadian dollars at exchange rates in effect at year end. Exchange gains and losses are included in income.

Contributed materials and services

Because of the difficulty of determining their fair value, contributed materials and services are not recognized in the financial statements.

Allocation of expenses

The costs of each function include the costs of personnel and other expenses that are directly related to the function. General support and other costs are not allocated.

The Toronto Symphony

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

3. ACCOUNTS RECEIVABLE

As at June 30, 2015, accounts receivable include \$29,050 [2014 – \$142,107] representing the estimated outstanding payments with respect to three [2014 – six] bequests.

4. CAPITAL ASSETS

Capital assets consist of the following:

	2015		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Tangible			
Computer equipment	178,515	142,329	36,186
Other machinery and equipment	287,560	187,401	100,159
Musical instruments	290,081	87,989	202,092
Leasehold improvements	272,507	206,475	66,032
Intangible			
Computer software	360,724	184,607	176,117
	1,389,387	808,801	580,586

	2014		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Tangible			
Computer equipment	156,738	125,538	31,200
Other machinery and equipment	359,114	231,034	128,080
Musical instruments	238,005	170,692	67,313
Leasehold improvements	272,507	179,226	93,281
Intangible			
Computer software	347,773	143,038	204,735
	1,374,137	849,528	524,609

The Toronto Symphony

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

5. BANK INDEBTEDNESS

The Symphony has a banking agreement that provides a demand credit facility of \$9,200,000. This agreement is supported by guarantees from the Foundation in the amount of \$6,200,000 and the City of Toronto [the "City"] to a maximum of \$3,000,000.

The agreement with the City provides that the Symphony must repay, to the City, any amounts paid by the City to the bank.

Interest is incurred at a rate of prime plus 0.5% [2015 – 3.5%]. Interest recorded in the statement of operations on the line of credit totaled \$214,325 [2014 – \$200,702] for the year.

As collateral for the guarantee provided by the Foundation, the Symphony has provided, to the Foundation, a security interest in all of its assets. The Symphony has provided the bank with a second security interest in its assets, subordinated only to the Foundation.

Effective November 6, 2015, the Symphony renewed the above noted facility which also now includes a facility for hedging foreign currency exposure with a maximum aggregate face value of U.S. \$500,000 and maximum contract terms of twelve months.

6. GOVERNMENT REMITTANCES PAYABLE

As at June 30, 2015, accounts payable and accrued liabilities include government remittances payable of \$106,846 [2014 – \$199,602].

7. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized amount of donations received for the purchase of capital assets. The annual amortization of deferred capital contributions is recorded as revenue in the statement of operations. The changes in the deferred capital contributions balance are as follows:

	2015	2014
	\$	\$
Balance, beginning of year	149,093	40,000
Add contributions restricted for the purchase of capital assets	—	146,576
Less amortization of deferred capital contributions [included in fundraising revenue]	(48,322)	(37,483)
Balance, end of year	100,771	149,093

The Toronto Symphony

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

8. SUBSCRIPTIONS AND OTHER TICKET REVENUE

Subscriptions and single ticket revenue consists of the following:

	2015 \$	2014 \$
Subscriptions	4,202,731	4,602,657
Single tickets	2,680,590	2,473,160
Special concert tickets	2,003,160	1,643,734
	8,886,481	8,719,551

9. GOVERNMENT GRANTS

Government grants revenue consists of the following:

	2015 \$	2014 \$
Ontario Arts Council	2,065,700	2,065,700
Canada Council	1,830,180	1,947,000
City of Toronto	1,220,000	1,205,000
Other	319,250	73,500
	5,435,130	5,291,200

The Toronto Symphony

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

10. THE TORONTO SYMPHONY FOUNDATION

[a] The net assets of the Foundation, at fair value, are as follows:

	2015 \$	2014 \$
General Fund	3,918,878	3,768,985
Restricted Fund	2,209,942	2,040,547
Endowment Fund	28,084,616	26,524,861
	34,213,436	32,334,393

The Foundation, at its discretion, provides support to the Symphony as determined by restrictions on the various funds comprising the net assets.

During the year, the Foundation provided the Symphony with a distribution of \$2,261,000 [2014 – \$2,206,000].

As at June 30, 2014, accounts receivable included \$200,000 due from the Foundation.

[b] The Symphony provides administrative and fundraising services to the Foundation at no cost to the Foundation. During the year ended March 31, 2015, the Foundation recorded fundraising revenue from donations and bequests of \$114,067 [2014 – \$127,920] raised in connection with these services that is not reflected in these financial statements.

11. MUSICIAN'S DEFINED BENEFIT PENSION PLAN

The defined benefit pension obligations of the Symphony's musicians are the responsibility of the Musicians' Pension Fund of Canada ["MPF"], which is administered by the Musicians' Pension Fund of Canada Board. The most recent valuation for financial reporting purposes completed by the MPF as at December 31, 2014 disclosed net assets available for benefits of \$733.7 million. The Symphony is required to contribute 10% of the musician's minimum basic fee.

The Toronto Symphony

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

12. COMMITMENTS

- [a] The Symphony is under contract to pay its musicians for services performed through June 30, 2015. Under the terms of individual contracts with each of its musicians, the Symphony is committed to pay fees to contracted musicians of approximately \$9,138,500 for fiscal 2016.
- [b] The Symphony has entered into various agreements with conductors and guest artists for services to be performed in fiscal 2016, aggregating approximately \$3,164,000. Included in this amount is U.S. \$890,500 translated using an exchange rate of \$1.25.
- [c] Rental payments to Roy Thomson Hall for auditorium usage vary depending upon the number and types of performances. Under the existing agreement, which is on a year-to-year basis, rental payments for auditorium and office space are estimated to be \$939,000 for fiscal 2016.
- [d] The Symphony has also entered into lease agreements for office space and equipment requiring future minimum annual lease payments as follows:

	\$
2016	343,277
2017	347,246
2018	161,171
2019	69,469
2020	69,469
Thereafter	17,369
	<u>1,008,001</u>

13. FINANCIAL INSTRUMENTS

The Symphony is exposed to various financial risks through its transactions in financial instruments.

Credit risk

The Symphony is exposed to credit risk in connection with its accounts receivable because of the risk that one party to the financial instrument may cause a financial loss for the other party by failing to discharge an obligation.

The Toronto Symphony

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Interest rate risk

The Symphony is exposed to interest rate risk with respect to its operating line of credit because cash flows will fluctuate because the interest rate is linked to the bank's prime rate, which changes from time to time.

Liquidity risk

The Symphony is exposed to the risk that it will encounter difficulty in meeting obligations associated with its financial liabilities.

14. COMPARATIVE FIGURES

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the 2015 financial statements.