

# **The Canadian Arabic Orchestra**

Financial Statements

August 31, 2017

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# The Canadian Arabic Orchestra

## Financial Statements

August 31, 2017

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## **Independent Auditor's Report**

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### **To the Board of Directors The Canadian Arabic Orchestra**

We have audited the accompanying financial statements of The Canadian Arabic Orchestra ("The Orchestra") which comprise the statement of financial position as at August 31, 2017 and the statements of revenues and expenses, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audit.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the 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 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 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 in our audit is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.



### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Canadian Arabic Orchestra as at August 31, 2017, and the results of its operations and its cash flows for the year ended August 31, 2017 in accordance with Canadian accounting standards for not-for-profit organizations.

### **Other Matters**

The financial statements of The Canadian Arabic Orchestra for the year ended August 31, 2016 were not audited.

*A&J LLP*

**A&J LLP, Chartered Professional Accountants**

**Licensed Public Accountant**

Mississauga, Ontario  
September 28, 2017

# The Canadian Arabic Orchestra

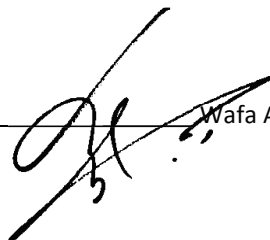
## Statement of Financial Position

As at August 31, 2017

		2017	2016 (Unaudited)
<b>ASSETS</b>			
Current Assets			
Cash		\$ 39,880	\$ 2,552
Prepaid expenses and deposits		15,119	-
		<u>54,999</u>	<u>2,552</u>
Capital assets, net	2	3,991	-
<b>TOTAL ASSETS</b>		<u>\$ 58,990</u>	<u>\$ 2,552</u>
<b>LIABILITIES AND NET ASSETS</b>			
Current Liabilities			
Accounts payable and accrued expenses		\$ 5,134	\$ -
Deferred revenue contribution	3	55,000	-
		<u>\$ 60,134</u>	<u>\$ -</u>
<b>Net Assets</b>		<u>\$ (1,144)</u>	<u>\$ 2,552</u>
		<u>\$ (1,144)</u>	<u>\$ 2,552</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>		<u>\$ 58,990</u>	<u>\$ 2,552</u>

On Behalf of the Board:

 Hani Audeh, Chairman

 Wafa AlZaghal, President

The accompanying notes are an integral part of these financial statements

# The Canadian Arabic Orchestra

## Statement of Revenues and Expenses

For the Year Ended August 31, 2017

	2017	2016 (Unaudited)
<b>Revenues</b>		
Concert sales	\$ 22,852	\$ 56,054
Tickets sales	79,550	-
Government grants	37,160	-
Corporate contributions and donations	6,920	-
	<b>\$ 146,482</b>	<b>\$ 56,054</b>
<b>Operating Expenses</b>		
Contractual services - musicians and other professional services	52,364	21,418
Management fees	38,365	-
Concert hall rentals	14,364	-
Travel expenses	14,542	6,189
Rent	7,332	20,835
Printing, postage and other supplies	8,878	3,728
Advertizing expenses	3,934	1,511
Professional fees	4,638	339
Tickets cost	3,570	-
Amortization	658	-
Telephone expenses	635	-
Other expenses	477	249
Bank charges	421	225
	<b>150,178</b>	<b>54,494</b>
<b>Excess of Revenues Over Expenses</b>	<b>\$ (3,696)</b>	<b>\$ 1,560</b>

The accompanying notes are an integral part of these financial statements

# The Canadian Arabic Orchestra

## Statement of Changes in Net Assets

For the Year Ended August 31, 2017

	2017	2016 (Unaudited)
Net assets, beginning of year	\$ 2,552	\$ 992
Excess of revenues over expenses	(3,696)	1,560
	<u>\$ (1,144)</u>	<u>\$ 2,552</u>

The accompanying notes are an integral part of these financial statements

# The Canadian Arabic Orchestra

## Statement of Cash Flow

For the Year Ended August 31, 2017

	2017	2016 (Unaudited)
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenses	\$ (3,696)	\$ 1,560
Amortization	658	-
Prepaid expenses and deposits	(15,119)	-
Accounts payable and accrued expenses	5,134	-
Cash flow (used in) provided by operating activities	<u>(13,023)</u>	<u>1,560</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	<u>(4,649)</u>	<u>-</u>
Cash flow used in investing activities	<u>(4,649)</u>	<u>-</u>
<b>FINANCING ACTIVITIES</b>		
Due to Directors	-	(256)
Deferred revenue contribution	<u>55,000</u>	<u>-</u>
Cash flow provided by financing activities	<u>55,000</u>	<u>-</u>
Net increase in cash flow	<u>37,328</u>	<u>1,304</u>
Cash - beginning of year	<u>2,552</u>	<u>1,248</u>
<b>Cash - end of year</b>	<u>\$ 39,880</u>	<u>\$ 2,552</u>



# The Canadian Arabic Orchestra

## Notes to the Financial Statements For the Year Ended August 31, 2017

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### 1. INCORPORATION

The Canadian Arabic Orchestra ("The Orchestra") was incorporated under the Corporations Act in the province of Ontario on April 1, 2015. The main purpose of the organization is to promote Arabic music in Canada and North America by maintaining a concert orchestra and providing education on music and culture, community service and platform for musicians. The purposes of the Orchestra are as follows:

- Maintain a concert orchestra and
  - Revive Arabic music in Canada and North America;
  - Provide education on music and culture;
  - Promote multicultural understanding in Canada;
  - Combine the Western and Eastern musical worlds; and
  - Introduce new musicians, composers and contemporary works of art.
- Create opportunities for young artists and newcomers to Canada to perform in a professional musical environment.
- Provide community service concerts for various groups, organizations, senior homes and hospitals.
- Provide a platform for musicians from different backgrounds to interact and exchange talent.
- Advance knowledge and appreciation of concert music and the musical arts.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of presentation**

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies.

#### **Use of estimates**

The preparation of financial statements 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, expenditures and changes in net assets during the year. Actual results could differ from these estimates.

#### **Cash**

Cash include cash balances with banks.

#### **Revenue recognition**

Contributions are recognized as revenue in the year received or receivable and when collection is reasonably assured. Restricted contributions for one or more future periods are deferred and recognized as revenue in the year earned. Donations and other income are recognized on cash basis. Revenue from selling of events tickets is recognized at the time in which the event has occurred and the revenue has been earned.

#### **Contributed Services**

The directors of the corporation shall serve without remuneration and no director shall directly or indirectly receive any profit from his or her position as a director of the corporation.

#### **Capital Assets**

Capital assets are stated at cost less accumulated amortization and are amortized over their estimated useful lives at the following rates and methods:

Furniture and equipment	20%	declining balance
Computer	55%	declining balance

In the year of acquisition, Capital Assets are amortized at 50% of the above annual rates.

# The Canadian Arabic Orchestra

## Notes to the Financial Statements For the Year Ended August 31, 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### Financial Instruments

Financial instruments, except for certain non-arm's length transactions, are recorded at fair value when acquired or issued. All financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

The Orchestra has not designated any financial asset or financial liability to be measured at fair value.

Financial instruments consist of cash and agreements payable. Unless otherwise noted, it is the management's opinion that the organization is not exposed to significant interest, currency or credit risks arising from these financial instruments.

#### Measurement Uncertainty

The precise value of many assets and liabilities is dependent on future events. As a result, preparation of financial statements for a period involves the use of approximations which have been made using careful judgment. Actual results could differ from those approximations.

### 3. CAPITAL ASSETS

	Net Book Value			
	Cost	Accumulated Amortization	2017	2016 (Unaudited)
Furniture and equipment	\$ 3,544	\$ 354	\$ 3,190	\$ -
Computer	1,105	304	801	
	<u>\$ 4,649</u>	<u>\$ 658</u>	<u>\$ 3,991</u>	<u>\$ -</u>

### 4. DEFERRED REVENUE CONTRIBUTIONS

Deferred revenue contributions represent externally restricted subsidies used in accordance with funding agreements. The changes in deferred revenue contributions are as follows:

	2017	2016 (Unaudited)
Balance, beginning of period	\$ -	\$ -
Deferred revenue contribution during the period	55,000	-
Revenue recognized during the period	-	-
<b>Balance, end of period</b>	<u>55,000</u>	<u>-</u>

### 5. COMMITMENTS

The Orchestra has entered into a one year lease agreement with respect to its premises commencing on September 1, 2017. Future minimum lease payments, for the next 24 months, as at August 31, 2017, amount to \$21,357.

### 6. GUARANTEES AND INDEMNITIES

During the normal course of business, the Orchestra has entered into agreements that include indemnities in favor of third parties, either express or implied, such as in service contracts, lease agreements and purchase contracts. In these agreements, the Orchestra agrees to indemnify the counterparties in certain circumstances against losses or liabilities arising from the acts or omissions of the Orchestra. The terms of use of these indemnities are not explicitly defined and maximum amount of any potential liability cannot be reasonably estimated.