

The Canadian Arabic Orchestra

Financial Statements

August 31, 2018

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Independent Auditor's Report

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, 2018 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.



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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, 2018, 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.

A&J LLP

A&J LLP, Chartered Professional Accountants

Licensed Public Accountant

Mississauga, Ontario
September 30, 2018

The Canadian Arabic Orchestra

Statement of Financial Position

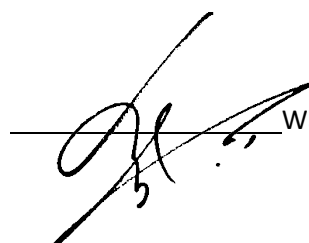
As at August 31, 2018

		2018	2017
		\$	\$
ASSETS			
Current Assets			
Cash		74,533	39,880
Prepaid expenses and deposits		23,903	15,119
Accounts receivable		16,328	-
		114,764	54,999
Capital assets, net	3	2,674	3,991
TOTAL ASSETS		117,438	58,990
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable and accrued expenses		6,698	5,134
GST/HST payable		8,852	-
Deferred revenue contribution	4	86,370	55,000
		101,920	60,134
Net Assets		15,518	(1,144)
		15,518	(1,144)
TOTAL LIABILITIES AND NET ASSETS		117,438	58,990

On Behalf of the Board:



Hany Audeh, Chairman



Wafa Al Zaghal, 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, 2018

	2018	2017
	\$	\$
Revenues		
Tickets sales	215,330	79,550
Corporate contributions and donations	89,045	6,920
Government grants	87,681	37,160
Concert sales	23,160	22,852
	415,216	146,482
Operating Expenses		
Contractual services - musicians and other professional services	157,964	52,364
Concert hall rentals	76,044	14,364
Management fees	71,400	38,365
Travel expenses	37,584	14,542
Rent	19,268	7,332
Printing, postage and other supplies	12,118	9,139
Advertising expenses	11,827	3,934
Professional fees	5,000	4,638
Tickets cost	2,286	3,570
Insurance	1,876	216
Amortization	1,317	658
Equipment rental	1,096	-
Telephone expenses	600	635
Bank charges	174	421
	398,554	150,178
Excess of Revenues Over Expenses	16,662	(3,696)

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, 2018

	2018	2017
	\$	\$
Net assets, beginning of year	(1,144)	2,552
Excess of revenues over expenses	16,662	(3,696)
	<u>15,518</u>	<u>(1,144)</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, 2018

	2018	2017
	\$	\$
OPERATING ACTIVITIES		
Excess of revenues over expenses	16,662	(3,696)
Amortization	1,317	658
Prepaid expenses and deposits	(8,784)	(15,119)
Accounts receivable	(16,328)	-
Accounts payable and accrued expenses	1,564	5,134
GST/HST payable	8,852	-
Cash flow (used in) provided by operating activities	3,283	(13,023)
INVESTING ACTIVITIES		
Purchase of capital assets	-	(4,649)
Cash flow used in investing activities	-	(4,649)
FINANCING ACTIVITIES		
Due to Directors	-	-
Deferred revenue contribution	31,370	55,000
Cash flow provided by financing activities	31,370	55,000
Net increase in cash flow	34,653	37,328
Cash - beginning of year	39,880	2,552
Cash - end of year	74,533	39,880

The accompanying notes are an integral part of these financial statements

The Canadian Arabic Orchestra

Notes to the Financial Statements

For the Year Ended August 31, 2018

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.

The Canadian Arabic Orchestra

Notes to the Financial Statements

For the Year Ended August 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES

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.

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	2018	2017
	\$	\$	\$	\$
Furniture and equipment	3,544	1,063	2,481	3,190
Computer	1,105	912	193	801
	4,649	1,975	2,674	3,991

The Canadian Arabic Orchestra

Notes to the Financial Statements

For the Year Ended August 31, 2018

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:

	2018	2017
	\$	\$
Balance, beginning of period	55,000	-
Deferred revenue contribution during the period	86,370	55,000
Revenue recognized during the period	(55,000)	-
Balance, end of period	86,370	55,000

Deferred revenue comprised the following as at August 31:

	2018
	\$
Canadian Heritage	30,000
City of Mississauga	15,000
Ministry of Citizenship and Immigration	6,400
The Arab Community Centre of Toronto	22,000
Canadian Coptic Centre	12,970
Total	86,370

5. COMMITMENTS

The Orchestra has entered into a two years lease agreement with respect to its premises commencing on September 1, 2017. Future minimum lease payments, for the next 12 months, as at August 31, 2018, amount to \$21,080.

6. GURANTEES 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.