

REGENT PARK SCHOOL OF MUSIC

Financial Statements

June 30, 2017

REGENT PARK SCHOOL OF MUSIC

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Year Ended June 30, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Directors of Regent Park School of Music

We have audited the accompanying financial statements of Regent Park School of Music, which comprise the statement of financial position as at June 30, 2017 and the statements of operations and changes in net assets 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.

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 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 Regent Park School of Music as at June 30, 2017 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.

Hogg, Shain & Scheck PC

Toronto, Ontario
November 29, 2017

Authorized to practise public accounting by the
Chartered Professional Accountants of Ontario

REGENT PARK SCHOOL OF MUSIC

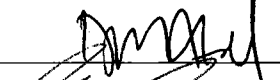
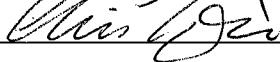
Statement of Financial Position

As at June 30, 2017

	2017	2016
ASSETS		
CURRENT		
Cash	\$ 153,026	\$ 180,233
Accounts receivable	7,943	17,207
Harmonized Sales Tax recoverable	9,532	8,115
Prepaid expenses and deposits	26,156	17,187
Due from Regent Park School of Music Foundation (Note 8)	32,206	-
	228,863	222,742
CAPITAL ASSETS, net (Note 4)	6,705	9,527
	\$ 235,568	\$ 232,269
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 3)	\$ 77,791	\$ 62,124
Deferred revenues (Note 5)	5,572	18,000
	83,363	80,124
DEFERRED CONTRIBUTIONS FOR CAPITAL ASSET PURCHASES (Note 6)	2,468	3,526
	85,831	83,650
NET ASSETS		
INVESTED IN CAPITAL ASSETS UNRESTRICTED	4,237	6,001
	145,500	142,618
	149,737	148,619
	\$ 235,568	\$ 232,269

COMMITMENT (Note 11)

APPROVED ON BEHALF OF THE BOARD


 _____ Director

 _____ Director

See the accompanying notes to these financial statements

REGENT PARK SCHOOL OF MUSIC
Statement of Operations and Changes in Net Assets
Year Ended June 30, 2017

	2017	2016
REVENUES		
Contributions from Regent Park School of Music Foundation <i>(Note 8)</i>	\$ 750,867	\$ 762,760
Tuition fees and performances	88,456	88,158
Collaborative project revenues <i>(Note 9)</i>	78,737	18,108
Government grants <i>(Note 7)</i>	30,000	35,000
Special events	5,896	8,388
Amortization of deferred contributions for capital asset purchases <i>(Note 6)</i>	1,058	1,511
Other	158	10,597
	<u>955,172</u>	<u>924,522</u>
EXPENSES		
Teacher and program administration salaries and benefits	688,768	666,310
Instrument, exam, recital and related program delivery	54,189	83,398
General and program administration	79,461	76,798
Occupancy, utilities and equipment <i>(Note 11)</i>	67,966	69,734
Collaborative projects	60,376	13,990
Fundraising	472	556
Amortization of capital assets	2,822	3,475
	<u>954,054</u>	<u>914,261</u>
EXCESS OF REVENUES OVER EXPENSES	1,118	10,261
NET ASSETS - BEGINNING OF YEAR	148,619	138,358
NET ASSETS - END OF YEAR	\$ 149,737	\$ 148,619

See the accompanying notes to these financial statements

REGENT PARK SCHOOL OF MUSIC

Statement of Cash Flows

Year Ended June 30, 2017

	2017	2016
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 1,118	\$ 10,261
Add (deduct) items not affecting cash:		
Amortization of capital assets	2,822	3,475
Amortization of deferred contributions for capital asset purchases	<u>(1,058)</u>	<u>(1,511)</u>
	<u>2,882</u>	<u>12,225</u>
Changes in non-cash working capital balances:		
Accounts receivable	9,264	4,329
Harmonized Sales Tax recoverable	(1,417)	(1,424)
Prepaid expenses and deposits	(8,969)	4,102
Due from Regent Park School of Music Foundation	(32,206)	-
Accounts payable and accrued liabilities	15,667	3,378
Deferred revenues	<u>(12,428)</u>	<u>9,340</u>
	<u>(30,089)</u>	<u>19,725</u>
Cash flow from (used by) operating activities	<u>(27,207)</u>	<u>31,950</u>
INVESTING ACTIVITY		
Purchase of capital assets	<u>-</u>	<u>(2,541)</u>
Cash flow used by investing activity	<u>-</u>	<u>(2,541)</u>
INCREASE (DECREASE) IN CASH	(27,207)	29,409
CASH - BEGINNING OF YEAR	<u>180,233</u>	<u>150,824</u>
CASH - END OF YEAR	<u>\$ 153,026</u>	<u>\$ 180,233</u>

See the accompanying notes to these financial statements

REGENT PARK SCHOOL OF MUSIC

Notes to Financial Statements

Year Ended June 30, 2017

1. ORGANIZATION AND OPERATIONS

Regent Park School of Music ("School") is a not-for-profit organization incorporated without share capital on March 19, 1999 under the Canada Corporations Act. The School was continued under the Canada Not-for-Profit Corporations Act in October 2014.

The School's goals are to engage its students, build their character and provide them with the confidence and discipline to achieve their full potential, and to be acknowledged by its community as one of City of Toronto's leading music education institutions, offering progressive and collaborative programs through a creative curriculum.

The School is a registered charity under the Income Tax Act (Canada) and, as such, is exempt from income taxes, provided certain disbursement and other requirements are met.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements are the representation of management and have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook and include the following significant accounting policies.

Revenue recognition

The School follows the deferral method of accounting for contributions.

Unrestricted contributions are recognized as revenues in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions explicitly and implicitly restricted by the donor are deferred when received and recognized as revenues in the year in which the related activity takes place and expenses are incurred.

Contributions received for the purchase of capital assets with a finite life are initially deferred and then amortized as revenues on the same basis as the related capital assets are amortized.

Tuition fees and other performance-related revenues are recognized when received or receivable upon substantial completion of the performance or program, provided that the amount to be received can be reasonably estimated and collection is reasonably assured.

Donated materials and services which are not normally purchased by the School are not recorded in the accounts.

Financial instruments

The School initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost.

The financial assets subsequently measured at amortized cost include cash, accounts receivable and due from Regent Park School of Music Foundation. The financial liability subsequently measured at amortized cost includes accounts payable.

(continues)

REGENT PARK SCHOOL OF MUSIC

Notes to Financial Statements

Year Ended June 30, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Capital assets

Purchased capital assets are recorded at cost. Amortization is provided annually at rates determined to charge the cost of the assets to operations over their estimated useful lives as follows:

Musical instruments	30%	declining balance method
Computer equipment	30%	declining balance method
Furniture and equipment	20%	declining balance method

Amortization in the year of addition and disposition is provided at one-half of the normal annual rates.

Measurement uncertainty

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 revenues and expenses during the period. Actual results could differ from those estimates. Estimates exist with respect to the useful life of capital assets for amortization purposes.

Volunteer services

Much of the work of the organization is dependent upon voluntary services. Since these services are not normally purchased by the organization, such donated services are not recognized in the accounts.

3. FINANCIAL INSTRUMENTS

Cash consists of cash on hand and deposits in accounts held with a major Canadian financial institution. Cash balances are sufficient to meet accounts payable and other financial liabilities as they come due.

Accounts receivable are regularly monitored to minimize and mitigate the credit risk of uncollected amounts.

Accounts payable and accrued liabilities at June 30, 2017 includes \$4,220 (2016 - \$5,725) in government remittances payable.

It is management's opinion that the School is not exposed to significant market, credit or liquidity risk arising from its financial instruments.

4. CAPITAL ASSETS

	Cost	Accumulated amortization	2017 Net book value	2016 Net book value
Musical instruments	\$ 132,721	\$ 127,243	\$ 5,478	\$ 7,826
Computer equipment	8,919	7,976	943	1,347
Furniture and equipment	769	485	284	354
	<u>\$ 142,409</u>	<u>\$ 135,704</u>	<u>\$ 6,705</u>	<u>\$ 9,527</u>

REGENT PARK SCHOOL OF MUSIC

Notes to Financial Statements

Year Ended June 30, 2017

5. DEFERRED REVENUES

Deferred revenues consist of:

	<u>2017</u>	<u>2016</u>
Deferred student fees	\$ 5,572	\$ -
Ontario Arts Council - project grant	-	10,000
Toronto Artscape - Collective arts project	-	8,000
	<u>\$ 5,572</u>	<u>\$ 18,000</u>

6. DEFERRED CONTRIBUTIONS FOR CAPITAL ASSET PURCHASES

Capital asset contributions are deferred and amortized to revenues on the same basis as the related capital asset is amortized. Details of deferred capital asset contributions activity during the year are as follows:

	<u>2017</u>	<u>2016</u>
Balance, beginning of year	\$ 3,526	\$ 5,037
Amortization during the year	<u>(1,058)</u>	<u>(1,511)</u>
Balance, end of year	<u>\$ 2,468</u>	<u>\$ 3,526</u>

7. GOVERNMENT GRANTS

Government grants revenues during the year consist of:

	<u>2017</u>	<u>2016</u>
Toronto Arts Council - operating grant	\$ 20,000	\$ 20,000
Ontario Arts Council - project grant	10,000	-
Canada Council for the Arts - project grant	-	15,000
	<u>\$ 30,000</u>	<u>\$ 35,000</u>

8. REGENT PARK SCHOOL OF MUSIC FOUNDATION

On August 26, 2003, the Board of Directors of the School incorporated the Regent Park School of Music Foundation ("Foundation") to conduct certain fundraising activities and programs. In 2014, the Foundation commenced taking on substantially all fundraising efforts, including the annual fundraiser, CRESCENDO.

The objective of the Foundation is to raise funds for the purpose of providing a source of long-term funding for capital projects, scholarship funds and other similar projects, and to more generally ensure the long-term viability of the School and other similar registered charities.

Contributions to and from the Foundation are agreed between the two organizations and approved by their respective Boards of Directors.

REGENT PARK SCHOOL OF MUSIC

Notes to Financial Statements

Year Ended June 30, 2017

9. COLLABORATIVE PROJECT REVENUES

Collaborative project revenues during the year consist of:

	<u>2017</u>	<u>2016</u>
Spectrum Collective:		
Toronto Artscape Inc.	\$ 20,000	\$ 19,000
MDC Partners	-	5,000
Lord Dufferin Community Day Care Centre	-	1,287
Less: project surplus distributed to partners	(4,728)	(7,179)
Party in the Park:		
Government of Ontario	22,500	-
Daniels Corporation	20,000	-
Toronto Foundation	15,000	-
Don Chartwell	5,000	-
Other:		
Native Child and Family Service of Toronto	965	-
	<u>\$ 78,737</u>	<u>\$ 18,108</u>

Party in the Park was a special one-time project for the Canada 150 celebration.

10. CAPITAL MANAGEMENT

In managing capital, the School focuses on liquid resources available for operations. The School's objective is to have sufficient liquid resources to continue operations despite adverse financial events and to provide it with the flexibility to take advantage of opportunities to 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.

The School's capital consists of its net assets, which have been generated by fundraising efforts, contributions, effective cost control while increasing number of students, prudent investment policies and working capital management.

As at June 30, 2017, the School has met its objective of having sufficient liquid resources to meet its current obligations.

11. COMMITMENT

The School has entered into a sub-lease agreement for premises to December 31, 2017. The future lease commitment is \$29,372.

12. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the 2017 presentation. These reclassifications have no impact on excess of revenues over expenses previously reported.