

Francis Winspear Centre for Music
Financial Statements
June 30, 2021

Management's Responsibility

To the Members of the the Francis Winspear Centre for Music:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors and Finance and Audit Committee are composed primarily of Directors who are neither management nor employees of the Centre. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Centre's external auditors.

MNP LLP is appointed by the members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

November 3, 2021

signed by "Annemarie Petrov"

President & CEO

signed by "Brian Alguire"

Vice President of Finance & Operations

To the Members of the Francis Winspear Centre for Music:

Qualified Opinion

We have audited the financial statements of the Francis Winspear Centre for Music (the "Centre"), which comprise the statement of financial position as at June 30, 2021, and the statements of operations and changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Centre as at June 30, 2021, 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.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Francis Winspear Centre for Music derives revenue from the general public in the form of donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Francis Winspear Centre for Music. Therefore, we were not able to determine whether any adjustments might be necessary to donations revenue, excess (deficiency) of revenues over expenses, and cash flows from operations for the years ended June 30, 2021 and June 30, 2020, current assets as at June 30, 2021 and 2020, and net assets as at July 1 and June 30 for both the 2021 and 2020 years. Our audit opinion on the financial statements for the year ended June 30, 2020 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Centre in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Centre's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Centre or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Centre's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Centre's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Centre's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Centre to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Edmonton, Alberta

November 3, 2021

MNP LLP

Chartered Professional Accountants

Francis Winspear Centre for Music

Statement of Financial Position

As at June 30, 2021

	<i>Operating Fund</i>	<i>Capital Fund</i>	<i>Endowment Fund</i>	2021	2020
Assets					
Current					
Cash and cash equivalents	1,030,165	6,997,722	-	8,027,887	5,397,382
Accounts receivable (Note 13)	154,974	141,898	-	296,872	410,042
Prepaid expenses and deposits	152,791	-	-	152,791	123,325
Inventory	47,546	-	-	47,546	53,976
Due from Edmonton Symphony & Concert Hall Foundation (Note 6)	888,597	-	-	888,597	449,712
Due from Edmonton Symphony Society (Note 6)	2,087,468	-	-	2,087,468	2,663,207
Due (to) from other funds	(2,571,672)	2,450,789	120,883	-	-
	1,789,869	9,590,409	120,883	11,501,161	9,097,644
Capital assets (Note 4)	-	39,517,318	-	39,517,318	32,586,202
Investments (Note 5)	-	-	3,796,136	3,796,136	3,022,485
	1,789,869	49,107,727	3,917,019	54,814,615	44,706,331
Liabilities					
Current					
Accounts payable and accruals	202,808	2,712,119	(33,833)	2,881,094	1,855,596
Deferred contributions	40,064	-	-	40,064	117,616
Third party ticket sales (Note 7)	182,610	-	-	182,610	213,462
	425,482	2,712,119	(33,833)	3,103,768	2,186,674
Significant event (Note 2)					
Commitments (Note 9)					
Net Assets					
Share capital (Note 10)	100	-	-	100	100
Contributed surplus	1,634	-	-	1,634	1,634
Fund balances	1,362,653	46,395,608	3,950,852	51,709,113	42,517,923
	1,364,387	46,395,608	3,950,852	51,710,847	42,519,657
	1,789,869	49,107,727	3,917,019	54,814,615	44,706,331
Approved on behalf of the Board					
<i>signed by "Oryssia Lennie"</i> Director	<i>signed by "David Yee"</i> Director				

The accompanying notes are an integral part of these financial statements

Francis Winspear Centre for Music
Statement of Operations and Changes in Fund Balances

For the year ended June 30, 2021

	Operating Fund		Capital Fund		Endowment Fund		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
Revenue								
Grant revenue	1,125,753	348,376	5,469,135	7,300,092	-	-	6,594,888	7,648,468
Donations (Note 6)	1,382,022	314,975	3,133,880	1,489,894	-	-	4,515,902	1,804,869
Canadian Emergency Wage Subsidy (Note 13)	900,484	403,288	-	-	-	-	900,484	403,288
Investment income	-	-	29,378	88,638	773,651	10,520	803,029	99,158
Facility (Note 6)	71,392	304,885	6,785	16,606	-	-	78,177	321,491
Education and outreach	31,144	55,114	-	-	-	-	31,144	55,114
Corporate investment (Note 11)	18,504	22,731	-	-	-	-	18,504	22,731
Stage production	9,044	288,784	-	-	-	-	9,044	288,784
Bar, concession, merchandise	4,552	506,458	-	-	-	-	4,552	506,458
Patron services personnel	-	275,232	-	-	-	-	-	275,232
Capital replacement fund	(6,093)	284,428	-	-	-	-	(6,093)	284,428
Live at the Winspear (refund)	(26,210)	226,784	-	-	-	-	(26,210)	226,784
	3,510,592	3,031,055	8,639,178	8,895,230	773,651	10,520	12,923,421	11,936,805
Expenses (Note 8)								
Facility	833,584	1,085,012	9,982	65,813	-	-	843,566	1,150,825
Amortization	-	-	839,571	876,738	-	-	839,571	876,738
Administration (Note 6)	553,857	684,478	-	-	-	-	553,857	684,478
Stage production	486,891	737,591	21,755	45,420	-	-	508,646	783,011
Digital operations	310,077	312,502	-	-	-	-	310,077	312,502
Branding and overhead	211,300	301,407	-	-	-	-	211,300	301,407
Education and outreach	200,153	204,856	-	-	1,500	-	201,653	204,856
Patron services personnel	129,765	619,866	-	-	-	-	129,765	619,866
Artistic	50,309	266,009	-	-	-	-	50,309	266,009
Community investment	40,382	85,049	-	-	-	-	40,382	85,049
Core patron	28,211	83,592	-	-	-	-	28,211	83,592
Bar, concession, merchandise	10,468	193,772	-	-	-	-	10,468	193,772
Single ticket sales	4,426	38,341	-	-	-	-	4,426	38,341
	2,859,423	4,612,475	871,308	987,971	1,500	-	3,732,231	5,600,446
Excess (deficiency) of revenue over expenses	651,169	(1,581,420)	7,767,870	7,907,259	772,151	10,520	9,191,190	6,336,359
Fund balance, beginning of year	555,066	1,371,286	38,627,738	31,366,079	3,335,119	3,444,199	42,517,923	36,181,564
Transfer from endowment fund	156,418	119,600	-	-	(156,418)	(119,600)	-	-
Transfer from capital fund (Note 15)	-	645,600	-	(645,600)	-	-	-	-
Fund balance, end of year	1,362,653	555,066	46,395,608	38,627,738	3,950,852	3,335,119	51,709,113	42,517,923

The accompanying notes are an integral part of these financial statements

Francis Winspear Centre for Music Statement of Cash Flows

For the year ended June 30, 2021

	<i>Operating Fund</i>	<i>Capital Fund</i>	<i>Endowment Fund</i>	2021	2020
Cash provided by (used for) the following activities					
Operating					
Excess of revenue over expenses	651,169	7,767,870	772,151	9,191,190	6,336,359
Amortization	-	839,571	-	839,571	876,738
Non-cash donations (Note 6)	(364,328)	-	-	(364,328)	(290,000)
	286,841	8,607,441	772,151	9,666,433	6,923,097
Changes in working capital accounts					
Decrease (increase) in accounts receivable	91,511	21,659	-	113,170	(145,205)
Decrease (increase) in prepaid expenses and deposits	(29,466)	-	-	(29,466)	17,601
Decrease in inventory	6,430	-	-	6,430	15,676
Increase (decrease) in accounts payable and accruals	(222,656)	-	(2,031)	(224,687)	73,478
Decrease in deferred contributions	(8,259)	-	(69,293)	(77,552)	(69,552)
Decrease in third party ticket sales	(30,852)	-	-	(30,852)	(260,103)
Interfund transfers	(126,869)	(102,373)	229,242	-	-
	(33,320)	8,526,727	930,069	9,423,476	6,554,992
Financing					
Decrease (increase) in due from related parties	501,180	-	-	501,180	(599,097)
Investing					
Purchase of capital assets	-	(101,156)	-	(101,156)	(235,446)
Purchase of capital assets relating to Completion Project	-	(7,669,532)	-	(7,669,532)	(6,817,128)
Increase in accounts payable and accruals relating to capital assets	-	1,250,188	-	1,250,188	961,671
Purchase of investments	-	-	(265,000)	(265,000)	(461,400)
Proceeds on disposal of investments	-	-	265,000	265,000	3,831,940
Reinvested investment earnings	-	-	(773,651)	(773,651)	(10,520)
	-	(6,520,500)	(773,651)	(7,294,151)	(2,730,883)
Increase in cash resources	467,860	2,006,227	156,418	2,630,505	3,225,012
Cash resources, beginning of year	405,887	4,991,495	-	5,397,382	2,172,370
Interfund adjustments	156,418	-	(156,418)	-	-
Cash resources, end of year	1,030,165	6,997,722	-	8,027,887	5,397,382

The accompanying notes are an integral part of these financial statements

Francis Winspear Centre for Music

Notes to the Financial Statements

For the year ended June 30, 2021

1. Organization

Francis Winspear Centre for Music (the "Centre"), formerly Edmonton Concert Hall Foundation, is a non-profit organization incorporated under the Alberta Companies Act. The Edmonton Symphony Society (the "Society") owns a 100% interest in the Centre.

The Centre's purpose is to provide the most outstanding conditions to experience music and to be the outstanding musical arts centre for the Edmonton Capital Region serving the Society and other community organizations. This is done in a way that nurtures and elevates the performances of all the community's musical arts organizations, both professional and amateur, and attracts great artists from around the world so that the musical and cultural richness of the community is continuously broadened and deepened.

The Centre has undertaken a significant capital expansion project that will see the addition of both an underground and at-grade parking facility, street-level commercial capabilities, a second musical concert venue and additional public access facilities (collectively referred to as the "Francis Winspear Centre for Music Completion Project"). Funding for this project comes from all three levels of Government and the community. Total estimated expenditures for the project are approximately \$68 million and funding received to date is included with the Capital Fund (Note 3).

2. Significant event

During the prior year, there was a global outbreak of COVID-19 (coronavirus disease), which has had a significant impact on businesses through the restrictions put in place by the Canadian federal, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown what the extent of the impact the COVID-19 outbreak may have on the Centre, as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. The Centre has been particularly impacted due to its inability to host large gatherings. There are currently no mandated restrictions limiting the number of performers on stage, but the Centre is following protocol in ensuring adequate distancing is maintained. Indoor audience numbers are also not restricted at this time, but a limit of 700 has been set to ensure adequate distancing is possible. From a profitability perspective, these levels disqualify the Centre from virtually all pre-COVID level concerts and events where they could seat up to 1,600 patrons.

3. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

Fund accounting

The accounts of the Centre are maintained in accordance with principles of restricted fund accounting for contributions. The accounts have been segregated into the operating, capital and endowment funds to reflect the purposes for which funds are designated.

- a) The Operating Fund accounts for the Centre's program delivery and administrative activities.
- b) The Capital Fund reports the assets, liabilities, revenue and expenses related to the Centre's capital assets.
- c) The Endowment fund reports resources contributed for endowment and the entire balance has been internally restricted.

3. Significant accounting policies *(Continued from previous page)*

Revenue recognition

Donation revenue is recognized in the year of receipt. Revenue from ticket sales and special events is recognized in income in the year the performance or event is held.

Restricted contributions related to operations are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

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

Capital Replacement Fund revenue is collected on tickets sold. To the extent capital repairs and additions are less than capital reserve revenue collected in a year, the excess funds are transferred to the Capital Fund for future capital expenditures. Deferred Capital Replacement Fund fees collected in 2021 and included in deferred contributions for capital assets are \$nil (2020 - \$nil).

Bar, concession, and merchandise revenue is recognized at the point of sale.

Facility, patron services personnel, stage production and parking revenues are recognized when services have been rendered.

Investment income is comprised of interest, dividends, and realized and unrealized gains and losses.

Contributed materials and services

Contributions of materials and services are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Centre's operations and would otherwise have been purchased.

Cash and cash equivalents

Cash and cash equivalents include balances with banks, cash floats, and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the first in, first out method. Net realizable value is the estimated selling price in the ordinary course of business less selling costs.

Investments

Investments consist of bonds, debentures and equities which are all traded in the public markets. Investments are recorded at fair value, with changes to fair value recorded as investment income or loss. The Centre's investment policy prescribes the investment asset mix, including the degree of liquidity and concentration, the amount of foreign content and the credit ratings of debt issuers.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided for using rates intended to amortize the cost of assets over their estimated useful lives of the asset. Instruments and Artwork are not amortized.

The rates of amortization use are:

	Method	Rate
Building	declining balance	4 %
Furniture and fixtures	declining balance	20 %
Computers	straight-line	5 years

3. Significant accounting policies *(Continued from previous page)*

Long-lived assets

Long-lived assets consist of capital assets held for use and are measured and amortized as described in the applicable accounting policies.

The Centre writes down long-lived assets held for use when conditions indicate that the asset no longer contributes to the Centre's ability to provide goods and services. Asset are also written-down when the value of future economic benefits or service potential associated with the asset is less than its net carrying amount. When the Centre determines that a long-lived asset is impaired, its carrying amount is written down to the asset's fair value.

Employee future benefits

The Centre sponsors a defined contribution group retirement savings plan for employees. The cost of the plan, representing the Centre's contributions in accordance with the plan agreement, is recorded in expenses for the year during which the services are rendered. The cost of the plan for 2021 was \$49,418 (2020 - \$62,581).

Allocation of expenses

Salary expenses are allocated based on the time contributed to each function by staff member.

Foreign currency translation

Transaction amounts denominated in foreign currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction dates. Carrying values of monetary assets and monetary liabilities reflect the exchange rates at the statement of financial position date. Gains and losses on translation or settlement are included in the determination of excess of revenues over expenses for the current period.

Financial instruments

The Centre recognizes its financial instruments when the Centre becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with section 3840 Related Party Transactions (refer to Note 6). At initial recognition, the Centre may irrevocably elect to subsequently measure any financial instrument at fair value. No such election has occurred in the current year.

The Centre subsequently measures investments in equity instruments quoted in an active market at fair value. All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess of revenues over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

The Centre assesses impairment of all of its financial assets measured at cost or amortized cost when there is an indication of impairment. Any impairment which is not considered temporary is included in current year excess of revenues over expenses.

Measurement uncertainty (use of estimates)

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 and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable, due from Edmonton Symphony & Concert Hall Foundation and Edmonton Symphony Society are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets. Included in the Francis Winspear Centre for Music Completion Project is an allocation of internal labour costs.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.

Francis Winspear Centre for Music Notes to the Financial Statements

For the year ended June 30, 2021

4. Capital assets

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2021 Net book value</i>	<i>2020 Net book value</i>
Building	40,164,306	24,237,415	15,926,891	16,582,167
Furniture and fixtures	3,324,858	2,708,551	616,307	643,857
Instruments	2,264,738	-	2,264,738	2,264,738
Computers	1,688,846	1,701,879	(13,033)	42,557
Artwork	155,859	-	155,859	155,859
Francis Winspear Centre for Music Completion Project	20,566,556	-	20,566,556	12,897,024
	68,165,163	28,647,845	39,517,318	32,586,202

Francis Winspear Centre for Music Completion Project includes costs relating to engineering, research and construction with a carrying value of \$20,566,556 (2020 - \$12,897,024). No amortization of this asset has been recorded during the current year as it is currently under development.

The Centre has access to a loan from the City of Edmonton for the purpose of assisting in the capital construction of the parking structure associated with the Francis Winspear Centre for Music Completion Project. The loan is authorized to a maximum of \$12.9M, of which \$nil (2020 - \$nil) has been drawn at year-end. Draws are available according to a set schedule for a maximum period of two years from the date of the first draw. The loan is repayable in semi-annual payments over a twenty-year term from the date of the first draw and bears interest at the rate set by the City of Edmonton's lender on the borrowing date, plus a 0.25% administrative fee.

5. Investments

Included in investments is \$1,417,678 (2020 - \$1,333,930) which represents contributions from the Estate of the late Stuart Davis and is restricted specifically for the care, maintenance and performance of the Davis concert organ.

Investments are managed by Edmonton Symphony & Concert Hall Foundation on behalf of the Centre.

6. Due from related parties

The Edmonton Symphony Society's box office paid a facility fee on tickets sold on behalf of the Centre, amounting to \$65,672 (2020 - collected \$239,606). Under current agreements with the Centre, the Society paid \$55,200 (2020 - \$390,067) to the Centre in respect of office space and hall rental fees. Finance and administrative services are shared between the Society and the Centre, and the related costs are allocated between the parties. These amounts are included in expenses on the statement of operations and changes in fund balances.

In addition to the above transactions, the Society operates the box office which relates solely to ticket sales for Concert Hall events, for which no amount is recorded.

As a result of the above transactions, at June 30, 2021, there is \$2,087,468 (2020 - \$2,663,207) receivable from the Society. These amounts are unsecured, bear no interest and have no specified terms of repayment.

Non-cash donations from the Edmonton Symphony & Concert Hall Foundation ("the Foundation") in the amount of \$364,328 (2020 - \$290,000) occurred in the year as well as an investment management fee of \$17,872 (2020 - \$16,920).

As a result of these transactions, at June 30, 2021, there is \$888,597 (2020 - \$449,712) receivable from the Foundation. These amounts are unsecured, bear no interest and have no specified terms of repayment.

The above transactions occurred in the normal course of business and were measured at exchange amount, which is the amount of consideration established and agreed to by the related parties.

Francis Winspear Centre for Music

Notes to the Financial Statements

For the year ended June 30, 2021

7. Third party ticket sales

Third party ticket sales represents advance deposits on outside presenter concerts, ticket sales for events to be held in 2022 and amounts collected from advance ticket sales to fund the replacement and purchase of specific capital assets from time to time.

8. Allocation of expenses

Total salary expenses are allocated as follows:

	2021	2020
Administration	681,740	853,701
Stage production	332,414	500,855
Education and outreach	198,774	199,083
Facility	174,730	313,193
Artistic	172,955	253,986
Patron services	154,267	686,645
Digital operations	108,811	118,545
Community investment	40,382	85,049
	1,864,073	3,011,057

The table reflects the impact of a reduction in expenses of about \$1,065,000 (2020 - \$125,000) due primarily to staff reductions taken in 2020, but also, in part, to the allocation of staff salaries to the Francis Winspear Centre for Music Completion Project.

9. Commitments

The Centre leases office equipment (photocopiers, mail machines, water coolers, and telephone system) to conduct the affairs of the Centre. The committed payments over the next four years are as follows:

2022	1,955
2023	1,955
2024	1,955
2025	337
	6,202

10. Share capital

	2021	2020
Issued		
Common shares		
2 Class A shares	100	100

11. Contributed services and capital

The Centre receives contributed services during the normal course of operations. These contributed services are recognized in the financial statements as corporate sponsorships based on the fair value at the date the contribution is made. Total services contributed to the Centre in 2021 amounted to \$nil (2020 - \$20,505).

Francis Winspear Centre for Music

Notes to the Financial Statements

For the year ended June 30, 2021

12. Credit facilities

In addition to the City of Edmonton loan described in Note 4, the Centre has access to the following credit facilities:

- Operating credit facility (revolving) to be used as interim bridge financing for the Completion Project, authorized to a maximum of \$10,000,000 of which nil was drawn, bearing interest at prime, repayable on demand
- Operating credit facility (revolving) to assist with daily operating expenses, authorized to a maximum of \$500,000 of which nil was drawn, bearing interest at prime, repayable on demand
- Credit card facility, authorized to a maximum of \$65,000

The credit facilities are secured by a general security agreement and guarantees from the Edmonton Symphony Society and the Edmonton Symphony & Concert Hall Foundation. The credit facilities are subject to a financial covenant with respect to the combined working capital ratio of the Centre, the Edmonton Symphony Society, and the Edmonton Symphony & Concert Hall Foundation. As at June 30, 2021, the Foundation was in compliance with the covenant.

13. Government assistance

The Centre applied for the Canada Emergency Wage Subsidy (CEWS) and Temporary Wage Subsidy (TWS). Under the CEWS and TWS programs, organizations experiencing significant revenue reductions during the COVID-19 pandemic are eligible to receive a subsidy for a portion of employee wages or deductions paid during those periods. For the year ended June 30, 2021, the Centre claimed aggregate subsidies under these programs of \$900,484 (2020 - \$403,288), of which \$135,876 (2020 - \$174,171) remained in accounts receivable at year-end.

14. Financial instruments

The Centre, as part of its operations, carries a number of financial instruments. It is management's opinion that the Centre is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Centre is exposed to interest rate cash flow risk with respect to its managed investments (Note 5).

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Centre's investments in publicly-traded securities and corporate bonds exposes the Centre to price risk as these investments are subject to price changes in an open market due to a variety of reasons.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Centre enters into transactions to purchase, sell and earn income from its investment portfolio denominated in US Dollar (US\$) currency for which the related investment income and expenses are subject to exchange rate fluctuations. As at June 30, 2021, the following items are denominated in US dollar currency:

	2021	2020
	CAD\$	CAD\$
Cash	-	161
Investments	847,767	676,267

Francis Winspear Centre for Music Notes to the Financial Statements

For the year ended June 30, 2021

15. Transfer from capital fund

The development of the City of Edmonton Surplus Lands (Lot 97) for the Francis Winspear Centre for Music Completion Project eliminated the temporary surface parking lot and interrupted a source of revenue to the Centre's operations until the planned underground and at-grade parking reopens in 2022. During fiscal 2020, as part of the operational business case, a provision was made to transfer an equivalent amount of funding from the capital fund to the operating fund until parking revenue resumed. Funding for this transfer would be sourced from the City of Edmonton capital loan used to finance the construction of the underground parking facility. For the year ended June 30, 2021, the parking revenue transfer was \$nil (2020 - \$645,600).

16. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.