

**Francis Winspear Centre for Music**  
**Financial Statements**  
*June 30, 2023*

## Management's Responsibility

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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, Audit & Risk Committee are composed entirely 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 Finance, Audit & Risk Committee has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Committee 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 Committee and management to discuss their audit findings.

October 30, 2023

*signed by "Jason Baskier"*

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Directo of Finance

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, 2023, 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, 2023, 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, 2023 and June 30, 2022, current assets as at June 30, 2023 and 2022, and net assets as at July 1 and June 30 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended June 30, 2022 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

October 30, 2023

*MNP LLP*

Chartered Professional Accountants

# Francis Winspear Centre for Music

## Statement of Financial Position

*As at June 30, 2023*

	<i>Operating Fund</i>	<i>Capital Fund</i>	<i>Endowment Fund</i>	<b>2023</b>	<b>2022</b>
<b>Assets</b>					
<b>Current</b>					
Cash and cash equivalents	2,512,146	13,443,249	-	15,955,395	18,382,534
Accounts receivable (Note 13)	168,391	144,511	-	312,902	1,166,539
Investments	-	-	-	-	5,973,041
Prepaid expenses and deposits (Note 14)	176,104	1,466,390	-	1,642,494	519,719
Inventory	38,693	-	-	38,693	50,236
Due from Edmonton Symphony & Concert Hall Foundation (Note 6)	1,522,944	-	-	1,522,944	586,878
Due from Edmonton Symphony Society (Note 6)	2,390,973	-	-	2,390,973	1,242,260
Due (to) from other funds	(5,652,819)	5,119,910	532,909	-	-
	1,156,432	20,174,060	532,909	21,863,401	27,921,207
<b>Capital assets (Note 4)</b>	-	64,999,285	-	64,999,285	49,542,052
<b>Investments (Note 5)</b>	-	-	3,657,120	3,657,120	3,289,392
	1,156,432	85,173,345	4,190,029	90,519,806	80,752,651
<b>Liabilities</b>					
<b>Current</b>					
Accounts payable and accruals	374,366	4,581,677	-	4,956,043	2,452,982
Deferred contributions	139,135	-	-	139,135	96,390
Third party ticket sales (Note 7)	92,411	-	-	92,411	436,736
Current portion of long-term debt (Note 12)	-	563,990	-	563,990	-
	605,912	5,145,667	-	5,751,579	2,986,108
<b>Long-term debt (Note 12)</b>	-	12,336,010	-	12,336,010	12,900,000
	605,912	17,481,677	-	18,087,589	15,886,108
<b>Commitment (Note 14)</b>					
<b>Net Assets</b>					
Share capital (Note 9)	100	-	-	100	100
Contributed surplus	1,634	-	-	1,634	1,634
Fund balances	548,786	67,691,668	4,190,029	72,430,483	64,864,809
	550,520	67,691,668	4,190,029	72,432,217	64,866,543
	1,156,432	85,173,345	4,190,029	90,519,806	80,752,651

Approved on behalf of the Board

signed by "Sam Jenkins"  
Director

signed by "David Yee"  
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, 2023*

	Operating Fund		Capital Fund		Endowment Fund		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
<b>Revenue</b>								
Grant revenue	660,206	811,444	7,420,698	11,727,316	-	-	8,080,904	12,538,760
Donations (Note 6)	505,354	508,274	1,012,237	2,177,771	-	-	1,517,591	2,686,045
Investment and interest income (loss)	-	5,159	412,030	69,045	367,728	(230,778)	779,758	(156,574)
Facility (Note 6)	478,886	326,830	263,761	29,652	-	-	742,647	356,482
Bar, concession, merchandise	604,954	332,836	-	-	-	-	604,954	332,836
Education and outreach	539,611	275,106	-	-	-	-	539,611	275,106
Stage production	432,974	330,472	-	-	-	-	432,974	330,472
Patron services personnel	406,806	300,300	-	-	-	-	406,806	300,300
Live at the Winspear (refund)	132,848	222,688	-	-	-	-	132,848	222,688
Corporate investment	29,025	54,750	-	-	-	-	29,025	54,750
Government assistance (Note 13)	-	622,896	-	-	-	-	-	622,896
	3,790,664	3,790,755	9,108,726	14,003,784	367,728	(230,778)	13,267,118	17,563,761
<b>Expenses (Note 8)</b>								
Facility	1,290,880	1,029,485	9,802	63,031	-	-	1,300,682	1,092,516
Amortization	-	-	822,842	742,559	-	-	822,842	742,559
Stage production	775,976	681,304	31,223	12,000	-	-	807,199	693,304
Administration (Note 6)	776,990	678,497	8,513	1,480	-	-	785,503	679,977
Patron services personnel	683,231	475,681	-	-	-	-	683,231	475,681
Patron relations and community investment	402,032	359,418	-	-	-	-	402,032	359,418
Digital operations	296,724	257,088	-	-	-	-	296,724	257,088
Bar, concession, merchandise	259,137	124,446	-	-	-	-	259,137	124,446
Education and outreach	223,215	183,631	-	-	-	-	223,215	183,631
Artistic	120,879	174,445	-	-	-	-	120,879	174,445
	4,829,064	3,963,995	872,380	819,070	-	-	5,701,444	4,783,065
<b>Excess (deficiency) of revenue over expenses</b>	<b>(1,038,400)</b>	<b>(173,240)</b>	<b>8,236,346</b>	<b>13,184,714</b>	<b>367,728</b>	<b>(230,778)</b>	<b>7,565,674</b>	<b>12,780,696</b>
<b>Fund balance beginning of year</b>	<b>1,328,829</b>	<b>1,362,653</b>	<b>59,455,322</b>	<b>46,770,608</b>	<b>4,080,658</b>	<b>3,950,852</b>	<b>64,864,809</b>	<b>52,084,113</b>
Transfer from endowment fund	258,357	139,416	-	-	(258,357)	(139,416)	-	-
Transfer from capital fund	-	-	-	(500,000)	-	500,000	-	-
<b>Fund balance, end of year</b>	<b>548,786</b>	<b>1,328,829</b>	<b>67,691,668</b>	<b>59,455,322</b>	<b>4,190,029</b>	<b>4,080,658</b>	<b>72,430,483</b>	<b>64,864,809</b>

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, 2023*

	<i>Operating Fund</i>	<i>Capital Fund</i>	<i>Endowment Fund</i>	<b>2023</b>	<b>2022</b>
<b>Cash provided by (used for) the following activities</b>					
<b>Operating</b>					
Excess (deficiency) of revenue over expenses	(1,038,400)	8,236,346	367,728	7,565,674	12,780,696
Amortization	-	822,842	-	822,842	742,559
Non-cash donations (Note 6)	(365,696)	-	-	(365,696)	(359,297)
	(1,404,096)	9,059,188	367,728	8,022,820	13,163,958
Changes in working capital accounts					
Decrease (increase) in accounts receivable	370	853,267	-	853,637	(869,667)
Decrease (increase) in inventory	11,543	-	-	11,543	(2,690)
Decrease (increase) in prepaid expenses and deposits	31,115	(1,153,890)	-	(1,122,775)	(366,928)
Increase (decrease) in accounts payable and accruals	(128,716)	2,631,777	-	2,503,061	334,104
Increase in deferred contributions	42,745	-	-	42,745	56,326
Increase (decrease) in third party ticket sales	(344,325)	-	-	(344,325)	254,126
Interfund transfers	1,721,892	(1,980,249)	258,357	-	-
	(69,472)	9,410,093	626,085	9,966,706	12,569,229
<b>Financing</b>					
Advances of long-term debt	-	-	-	-	12,900,000
Decrease (increase) in due from related parties	(1,719,083)	-	-	(1,719,083)	1,506,225
	(1,719,083)	-	-	(1,719,083)	14,406,225
<b>Investing</b>					
Purchase of capital assets	-	(1,801,699)	-	(1,801,699)	(56,495)
Purchase of capital assets relating to Completion Project	-	(14,478,376)	-	(14,478,376)	(10,710,798)
Increase (decrease) in accounts payable and accruals relating to capital assets	-	-	-	-	(780,970)
Purchase of investments	-	-	-	-	(6,155,341)
Proceeds on disposal of investments	-	5,973,041	-	5,973,041	395,906
Reinvested investment earnings	-	-	-	-	293,141
Gain/loss on investment	-	-	(367,728)	(367,728)	-
	-	(10,307,034)	(367,728)	(10,674,762)	(17,014,557)
<b>Increase (decrease) in cash resources</b>	(1,788,555)	(896,941)	258,357	(2,427,139)	9,960,897
<b>Cash resources, beginning of year</b>	4,042,344	14,340,190	-	18,382,534	8,421,637
<b>Interfund adjustments</b>	258,357	-	(258,357)	-	-
<b>Cash resources, end of year</b>	2,512,146	13,443,249	-	15,955,395	18,382,534

*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, 2023

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### 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 \$113.5 million (2022 - \$77.7 million) and funding received to date is included with the Capital Fund (Note 4).

### 2. Industry risk

In 2020, economic, social and health authority restrictions associated with the COVID-19 global pandemic significantly impacted the operations in several ways including ( but not limited to ) full closure of the facility for long periods of time, reduced capacities and overall reduction in audience and stakeholder engagement. The year ended 2023 represents the first full season of programming however audience numbers are still impacted, and we are not able to accurately predict when patrons will fully return to pre-pandemic levels. Further, we cannot predict whether operations will be paused or impaired again due to local health circumstances. These circumstances could place limitations on our ability to execute our business plan and materially and adversely affect our business, financial condition, and results of operations.

### 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 2023 and included in deferred contributions for capital assets are \$nil (2022 - \$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:

	<b>Method</b>	<b>Rate</b>
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 2023 was \$71,977 (2022 - \$60,262).

***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.

***Arm's length financial instruments***

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Centre may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Centre has not made such an election during the year.

The Centre subsequently measures investments in equity instruments quoted in an active market and all derivative instruments 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 excess (deficiency) of revenue over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

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

**Related party financial instruments**

The Centre initially measures investments or debt instruments with a quoted market value or derivatives originated in a related party transaction ("related party financial instruments") at fair value.

All other related party financial instruments are measured at cost on initial recognition.

At initial recognition, the Centre may elect to subsequently measure related party debt instruments that are quoted in an active market, or that have observable inputs significant to the determination of fair value, at fair value. The Centre has not made such an election during the year, thus all such related party debt instruments are subsequently measured at amortized cost.

The Centre subsequently measures investments in equity instruments quoted in an active market and all derivative instruments at fair value.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of related party financial instruments are immediately recognized in excess (deficiency) of revenue over expenses.

**Financial asset impairment**

The Centre assesses impairment of all its financial assets measured at cost or amortized cost. The Centre reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the financial statement date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

Any impairment, which is not considered temporary, is included in current year excess (deficiency) of revenue over expenses. The Centre reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in excess (deficiency) of revenue over expenses in the year the reversal occurs.

**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, 2023*

### 4. Capital assets

	<b>Cost</b>	<b>Accumulated amortization</b>	<b>2023 Net book value</b>	<b>2022 Net book value</b>
Building	40,211,402	25,489,899	14,721,503	15,341,703
Furniture and fixtures	3,588,432	2,982,892	605,540	494,174
Instruments	2,264,738	-	2,264,738	2,264,738
Computers	1,688,846	1,684,734	4,112	8,224
Artwork	155,859	-	155,859	155,859
Francis Winspear Centre for Music Completion Project	47,302,835	55,302	47,247,533	31,277,354
	<b>95,212,112</b>	<b>30,212,827</b>	<b>64,999,285</b>	<b>49,542,052</b>

Francis Winspear Centre for Music Completion Project includes costs relating to engineering, research and construction with a carrying value of \$47,247,533 (2022 - \$31,277,354). 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 \$12.9M (2022 - \$12.9M) 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 \$1,548,473 (2022 - \$1,417,610) 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 \$449,453 (2022 - \$211,049). Under current agreements with the Centre, the Society paid \$560,212 (2022 - \$452,400) 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, 2023, there is \$2,390,973 (2022 - \$1,242,260) 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 \$365,696 (2022 - \$359,297) occurred in the year as well as an investment management fee of \$23,007 (2022 - \$23,116).

As a result of these transactions, at June 30, 2023, there is \$1,522,944 (2022 - \$586,878) 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, 2023

### 7. Third party ticket sales

Third party ticket sales represents advance deposits on outside presenter concerts, ticket sales for events to be held in 2024 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:

	2023	2022
Patron relations and community investment	999,084	517,869
Artistic and stage production	718,700	643,532
Administration	644,097	568,552
Education and outreach	221,163	182,036
Facility	217,602	176,371
Digital operations	75,438	74,705
	<b>2,876,084</b>	<b>2,163,065</b>

### 9. Share capital

	2023	2022
Issued		
Common shares		
2 Class A shares	100	100

### 10. 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 2023 amounted to \$nil (2022 - \$nil).

### 11. Credit facilities

In addition to the City of Edmonton loan described in Note 4 and 12, 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 (2022 - \$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 (2022 - \$nil) was drawn, bearing interest at prime, repayable on demand
- Credit card facility, authorized to a maximum of \$nil (2022 - \$65,000), of which \$nil (2022 - \$nil) was drawn, bearing interest at 0% (2022 - 19.99%)

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, 2023, the Foundation was in compliance with the covenant.

**Francis Winspear Centre for Music**  
**Notes to the Financial Statements**  
*For the year ended June 30, 2023*

**12. Long-term debt**

	2023	2022
Term loan payable in semi-annual interest only instalments of \$151,575 until March 15, 2023. Semi-annual payments of \$431,923 commencing September 2023 including interest at 2.35%, due September 2041	<b>12,900,000</b>	12,900,000
Less: Current portion	<b>563,990</b>	-
	<b>12,336,010</b>	12,900,000

Principal repayments on long-term debt in each of the next five years, assuming all term debt is subject to contractual terms of repayment are estimated as follows:

	<i><b>Principal</b></i>
2024	563,990
2025	577,322
2026	590,968
2027	604,938
2028	619,237
Thereafter	9,943,545
	<b>12,900,000</b>

**13. Government assistance**

The Centre applied for the Canada Emergency Wage Subsidy (CEWS), Tourism and Hospitality Recover Program (THRP) and Canada Recovery Hiring Program (CRHP). Under these 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, 2023, the Centre claimed aggregate subsidies under these programs of \$nil (2022 - \$622,896), of which \$nil (2022 - \$26,187) remained in accounts receivable at year-end.

**14. Commitment**

During the year, the Centre committed to a purchase of a new sound system at a cost of \$2,078,834, of which \$1,455,184 is recorded as prepaid at year-end.

**15. 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). The Centre is exposed to interest rate price risk with respect to its long-term debt which bears interest at a fixed rate (Note 12).

***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, 2023, the following items are denominated in US dollar currency:

	<b>2023</b>	<b>2022</b>
	<b>CAD\$</b>	<b>CAD\$</b>
Investments	<b>722,324</b>	665,653