

HAMILTON PHILHARMONIC YOUTH ORCHESTRA

FINANCIAL STATEMENTS

JUNE 30, 2009

AUDITORS' REPORT

To the Directors of
Hamilton Philharmonic Youth Orchestra:

We have audited the statement of financial position of Hamilton Philharmonic Youth Orchestra as at June 30, 2009, and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the Organization derives revenue from donations and fundraising the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to donations and fundraising revenues, deficiency of revenue over expenses, current assets and net assets.

In our opinion, except for the effects of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the donations and fundraising revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Organization as at June 30, 2009 and the results of its operations and its cash flows for the year then ended, in accordance with Canadian generally accepted accounting principles.

Taylor Leibow LLP

CHARTERED ACCOUNTANTS
Licensed Public Accountants

Hamilton, Ontario
September 2, 2009

HAMILTON PHILHARMONIC YOUTH ORCHESTRA
STATEMENT OF FINANCIAL POSITION

As at June 30

	2009	2008
	\$	\$
ASSETS		
CURRENT		
Cash	49,905	55,493
GST receivable	160	1,126
Prepaid expenses	1,790	1,084
	51,855	57,703
LIABILITIES		
CURRENT		
Accounts payable	2,968	3,450
Deferred revenue	-	285
	2,968	3,735
DEFERRED CONTRIBUTIONS <i>(Note 5)</i>	1,450	2,200
	4,418	5,935
NET ASSETS		
UNRESTRICTED NET ASSETS	47,437	51,768
	51,855	57,703

(See accompanying Notes to Financial Statements)

HAMILTON PHILHARMONIC YOUTH ORCHESTRA
STATEMENT OF CHANGES IN NET ASSETS

	<i>Year ended June 30</i>	
	2009	2008
	\$	\$
UNRESTRICTED NET ASSETS, BEGINNING OF YEAR	51,768	57,834
DEFICIENCY OF REVENUE OVER EXPENSES	(4,331)	(6,066)
UNRESTRICTED NET ASSETS, END OF YEAR	47,437	51,768

(See accompanying Notes to Financial Statements)

HAMILTON PHILHARMONIC YOUTH ORCHESTRA
STATEMENT OF OPERATIONS

Year ended June 30

	2009	2008
	\$	\$
REVENUE		
Audition fees	325	765
Bingo income	11,997	7,875
Concert income	7,326	8,973
Donations	2,097	3,380
Fundraising	13,694	13,251
Hamilton Community Foundation <i>(Note 6)</i>	10,415	10,132
Orchestra fees	21,270	30,523
Orchestra Tour/Festival	-	21,702
Trillium grant	750	-
	67,874	96,601
EXPENSES		
Advertising and promotion	1,692	1,578
Coaching	1,144	194
Concerts	4,280	3,277
Fees and dues	692	962
Fundraising	9,912	9,058
Management and training	20,339	19,780
Music purchases and rentals	-	1,349
Musical director	19,300	19,000
Office and general	4,795	4,737
Orchestra Tour/Festival	-	30,334
Professional fees	4,083	2,575
Retreats	4,968	7,823
Scholarships	1,000	2,000
	72,205	102,667
DEFICIENCY OF REVENUE OVER EXPENSES	(4,331)	(6,066)

(See accompanying Notes to Financial Statements)

HAMILTON PHILHARMONIC YOUTH ORCHESTRA
STATEMENT OF CASH FLOWS

	<i>Year ended June 30</i>	
	2009	2008
	\$	\$
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Deficiency of revenue over expenses	(4,331)	(6,066)
Changes in non-cash working capital <i>(Note 7)</i>	(507)	3,644
	(4,838)	(2,422)
FINANCING ACTIVITIES		
Decrease in deferred contributions	(750)	-
DECREASE IN CASH	(5,588)	(2,422)
CASH, BEGINNING OF YEAR	55,493	57,915
CASH, END OF YEAR	49,905	55,493

(See accompanying Notes to Financial Statements)

HAMILTON PHILHARMONIC YOUTH ORCHESTRA
NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2009

1. PURPOSE OF ORGANIZATION

The Organization's purpose as a not-for-profit organization is to establish, operate, maintain and direct a community youth orchestra in the City of Hamilton and surrounding areas.

The Hamilton Philharmonic Youth Orchestra is a charitable organization incorporated without share capital under the Laws of Ontario and is exempt from income taxes.

2. CHANGE IN ACCOUNTING POLICY

CAPITAL DISCLOSURES

On July 1, 2008, in accordance with the applicable transitional provisions, the Organization adopted the new recommendations in Section 1535, "Capital Disclosures" of the Canadian Institute of Chartered Accountants' Handbook. Section 1535 establishes standards for disclosure of an entity's objectives, policies and processes for managing capital, quantitative data about what is considered capital and whether an entity has complied with any capital requirements and consequences of non-compliance with such capital requirements. Adoption of this new recommendation resulted in additional disclosures provided in Note 8.

GOING CONCERN

During the year, the Organization was required to adopt the additional requirements of the Canadian Institute of Chartered Accountants Handbook Section 1400 – General Standards of Financial Statements. The additional requirements require management to make an assessment of the Organization's ability to continue as a going concern, and to disclose any material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern. There was no impact to the financial statements arising from the adoption of the accounting pronouncement.

3. SIGNIFICANT ACCOUNTING POLICIES

USE OF ESTIMATES

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses of the reporting period and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

HAMILTON PHILHARMONIC YOUTH ORCHESTRA
NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2009

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

FINANCIAL ASSETS AND LIABILITIES

The following is a summary of the accounting model the Corporation has elected to apply to each of its significant categories of financial instruments outstanding at June 30, 2009:

Cash	- Held for trading
Accounts payable	- Other financial liabilities

On initial recognition, all financial assets and liabilities are measured and recognized at fair value. Financial assets and liabilities are then measured and recognized as follows:

Financial assets held for trading

Financial assets held for trading are measured at fair value and any changes in fair value are recognized in excess of revenues over expenditures. Changes in fair value recognized in excess of revenues over expenditures include interest income and are presented under interest income.

Other financial liabilities

Other financial liabilities are measured at amortized cost using the effective interest method.

CAPITAL ASSETS

Capital assets are expensed upon acquisition. Capital assets held include music and office equipment. During the year music was purchased for a total cost of \$NIL (2008 - \$1,301). This amount was included in music purchases and rentals expense in the statement of operations.

REVENUE RECOGNITION

The Organization follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Unrestricted investment income is recognized as revenue when earned. Restricted investment income is recognized as revenue in the year in which the related expense are incurred.

Revenues derived from concerts, tours/festivals, bingo and fundraising are recognized and recorded as revenue when the events are held and collection is reasonably assured.

Orchestra fees are billed annually on a fiscal year basis. Any fees received during the year relating to future periods are recorded as deferred revenue.

HAMILTON PHILHARMONIC YOUTH ORCHESTRA
NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2009

4. FUTURE CHANGES TO SIGNIFICANT ACCOUNTING POLICIES

In the upcoming year, the Corporation will be required to adopt the amendments to the Canadian Institute of Chartered Accountants Handbook sections 4400 - Financial Statement Presentation by Not-for-Profit Organizations, 4430 - Capital Assets Held by Not-for-Profit Organizations, 4460 - Disclosure of Related Party Transactions by Not-for-Profit Organizations, and new section 4470 - Disclosure of Allocated Expenses by Not-for-Profit Organizations. These amendments enhance the presentation of financial statements and existing disclosure requirements. Management is currently assessing the impact of these amendments on its financial statements.

5. DEFERRED CONTRIBUTIONS

Deferred contributions represents restricted funding received in the current period that is related to the subsequent period. The changes in deferred contributions are as follows:

	2009	2008
	\$	\$
Beginning balance	2,200	2,200
Less: Amount recognized as revenue in the year	(750)	-
Ending balance	1,450	2,200

6. HAMILTON COMMUNITY FOUNDATION

The Organization is one of the beneficiaries of an endowment fund of approximately \$400,000 held by the Hamilton Community Foundation. The Organization only has access to the investment income earned on this fund, and only to the extent authorized by the administrators of the endowment fund, a legally separate charitable organization.

7. CHANGES IN NON-CASH WORKING CAPITAL

	2009	2008
	\$	\$
GST receivable	966	620
Prepaid expenses	(706)	2,717
Accounts payable	(482)	802
Deferred revenue	(285)	(495)
	(507)	3,644

HAMILTON PHILHARMONIC YOUTH ORCHESTRA
NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2009

8. CAPITAL DISCLOSURES

For its own purposes, the Organization defines capital as unrestricted net assets which at the year end totalled \$47,204. There are no externally imposed requirements capital.

The Organization's objectives when managing capital are to match generally the structure of its capital to the underlying nature and term of the assets being financed, and to hold sufficient cash to enable it to withstand negative unexpected financial events, in order to maintain stability in the financial structure. The Organization seeks to minimize the exposure to financial leverage and variable rate financial obligations and to maintain sufficient liquidity and short term borrowing capacity to enable it to meet its obligations as they become due.