

Edmonton String Players Association

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Opinion on the Financial Statement of the Edmonton String Players' Association

Member Auditor's Report

We have audited the accompanying financial statements and associated financial records, in accordance with the bylaws of the Edmonton String Players' Association (ESPA). Neither of the auditors was a member of the ESPA executive or had signing authority for 2015-16. Note that this audit is in the context of ESPA having engaged J.W. & Associates accountants to produce the 2015-16 financial statements.

This audit included a review of the financial statements, bank statements for the associated accounts, and cheque records. This audit included a general review that expenses were made appropriately within the mandate of the organization, and according to signing procedures. Please see review comments in Attachment A. Note that some review comments are specifically related to Alberta Liquor and Gaming Commission (AGLC) requirements.

The financial statements are the responsibility of the organization's executive. Our responsibility is to express an opinion on the financial statements and transactions based on our audit of provided supporting documentation.

Based on our audit, our opinion is that the financial statements attached fairly represent the financial situation of the Edmonton String Players' Association. We believe that entrusted monies were spent appropriately towards the mandate of the organization, and that our audit provides a reasonable basis for our opinion.

Name: <u>Martin Kopycia</u>	Name: <u>Anh Le</u>
Signature: 	Signature: 
Date: <u>Oct 26/16</u>	Date: <u>Oct 26, 2016</u>

**Edmonton String Players' Association 2015-16 Financial Statements
Attachment A – Auditor's Notes, October 25, 2016**

All comments refer to Statement of Operations (with reference to Bank Statements and cheque records)

Bingo Account-Revenue/Expenses (note that account was opened in February 2016, and transactions are in Casino Account statements as separate sections):

- Comment that it seems apparent that four Bingo income cheques were put in the Casino Account, which is shown on Financial Statement as Bingo Income \$2576.93 and Business Deposits \$710.98. Suggest that this be transferred to Bingo account for clarity.

Casino Account-Revenue/Expenses:

- AGLC: We think that Casino account cheque #000271 for 263.12 to Helene Butler for March workshop food should have been from operating account (recommend to transfer back).
- AGLC: We think that Casino account cheque #000272 for 43.71 to Christine Twardzik for March workshop food should have been from operating account (recommend to transfer back).
- AGLC: Recommend that Marketing, Office Supplies, Gift and Meeting Hospitality, and Other Costs be transferred back to operating account, or checked for eligibility.

Operating Account-Revenue/Expenses:

- Instrument rental fees are included in Registration Fees due to website functionality limitation. Suggest to get this separated for Spring 2017 registrations. (15.00) amount was clarified to be a refund amount.
- Comment that Business Deposits amount of 12,283.00 is likely "fundscript" revenue (in addition to Product and Gift Card revenue of 854.09), since "fundscript" expenses were 12,905.00 and they should be similar with a small profit (lowered by some courier expenses).
- Note that our audit review is primarily based on bank statements and cheques with memos. We believe this sufficiently provides enough information to form a reasonable opinion. Plans are already being put in place with the accountant/treasurer to maintain better invoice/receipt records and tracking.

Cheque Signing (operating account expenses only):

- Cheque #000401 for 50.00 to Christine Twardzik appears to have been signed by herself as one signature (other is president). This was likely for February concert or March workshop expenses (i.e. legitimate), however this goes against cheque signing protocol.

- Cheque #000534 for 379.33 to Alan Jones appears to have been signed by himself as one signature (other is vice-president). This was for software and office expenses (i.e. legitimate), however this goes against cheque signing protocol.
- Cheque #000552 for 50.39 to Alan Jones appears to have been signed by himself as one signature (other is vice-president). This was for a paper shredder (i.e. legitimate), however this goes against cheque signing protocol.
- Cheque #000432 for 250.00 to Shannon Johnson (March workshop clinician), cheque #000549 for 1500.00 to Gabriele Thielmann (Registrar honorarium), and cheque #000551 for 1420.00 to Lisle Cameron (instrument repair) had only one signature, all legitimate but which go against cheque signing protocol.
- Plans are already being put in place with treasurer/accountants to adhere to cheque signing protocols for 2016-17 fiscal year.
- Comment that bank processed these cheques regardless, likely due to machine processing.

Edmonton String Players Association

Financial Statements

Year Ended August 31, 2016

(Unaudited - See Notice to Reader)

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NOTICE TO READERS

On the basis of information provided by the Board of Directors, we have compiled the Statement of Financial Position for the Edmonton String Players Association as at August 31, 2016 and the Statement of Operations for the year then ended.

We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

JW and Associates
Edmonton, AB
Prepared by Date: October 15, 2016

**Edmonton String Players Association
Statement of Financial Position
For the Year Ended August 31, 2016**

	<u>Bingo Account</u>	<u>Casino Account</u>	<u>Operating Account</u>	<u>TOTAL</u>
ASSETS				
Current Assets				
Bank Accounts				
Bingo Account	2,247.33	0.00	0.00	2,247.33
Casino Account	-14.00	68,387.62	2,437.68	70,811.30
Credit Union Shares Account	0.00	1.00	1.00	2.00
Operating Account	0.00	0.00	83,079.87	83,079.87
Total Current Assets	<u>\$ 2,233.33</u>	<u>\$ 68,388.62</u>	<u>\$ 85,518.55</u>	<u>\$ 156,140.50</u>
Fixed Assets	0.00	0.00	0.00	0.00
TOTAL ASSETS	<u><u>\$ 2,233.33</u></u>	<u><u>\$ 68,388.62</u></u>	<u><u>\$ 85,518.55</u></u>	<u><u>\$ 156,140.50</u></u>
LIABILITIES & EQUITY				
Current Liabilities	0.00	0.00	0.00	0.00
Total Current Liabilities	<u>0.00</u>	<u>0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>
Equity				
Net Assets	0.00	795.58	101,117.40	101,912.98
Net Income	2,233.33	67,593.04	-15,598.85	54,227.52
Total Equity	<u>\$ 2,233.33</u>	<u>\$ 68,388.62</u>	<u>\$ 85,518.55</u>	<u>\$ 156,140.50</u>
TOTAL LIABILITIES & EQUITY	<u><u>\$ 2,233.33</u></u>	<u><u>\$ 68,388.62</u></u>	<u><u>\$ 85,518.55</u></u>	<u><u>\$ 156,140.50</u></u>

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended August 31, 2016

1. Purpose of the Organization

The objectives of our Association are to provide affordable musical education for the people in Edmonton and surrounding area by:

- a) Organize instruction, orchestra rehearsals, and concerts including venues.
- b) Providing financial support for the engagement of instructors/conductors/accompanists, maintenance of the asset inventory used in our objectives, and assist with administrative costs.
- c) Promote the programs throughout Edmonton and Area and provide communications relevant to the program.
- d) Source funding for the program via fees, fundraising and grants.
- e) Operating without purpose of gain for members, as all profits or growth of the Association shall be used in promoting the objectives of the Association.

2. Significant Events

The resignation of 3 key personnel left the Association seeking assistance with managing the accounting for the Association. A decision was made to hire an accounting firm to bring the records up-to-date to provide Financial Statements for the Fiscal Year End August 31, 2016.

3. Accounting Policies

- a) Definition: The Association falls within the definition of a small organization as defined in section 4431.03 of the Canadian Generally Accepted Accounting Principles (GAAP) in that revenue reported on the Statement of Operations for this and the preceding year is under \$500,000.
- b) Capital Assets: GAAP allows the Association to adopt an accounting policy for Assets (e.g. Instruments and sheet music) where they can expense any donations-in-kind through the Statement of Operations providing they disclose this in the Statement of Financial Position. Previous Financial Statements have made disclosure in the Notes.
- c) The general opinion of the Association’s Executive is these Assets have been overstated both in value and numbers at their transfer. Below is a list of donations-in-kind and purchases by the Association for these assets.

	Fair Market Value	Replacement
July 30, 2013 – Gifted to the Association:		
359 Instruments (220 violins, 58 violas, 64 cellos and 15 basses)	\$94,000	\$189,000
String Music Library 750 boxed string orchestra scores	\$20,000	
Sheet music	\$10,000	
Assorted books	\$ 1,000	
August 31, 2013		
15 Shelves purchased at cost	\$ 1,200.	
February 2104 Gifted		

81 instruments (59 violins and 22 cellos)
24 empty violin cases
3 Cello Racks

March 2014

10 Basses	\$21,000	\$43,000
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April 2014

5 Acoustic Guitars – purchased

June 2015

Gifted Manhasset music stands and their four transportation racks	\$ 5,240	
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- d) Based on the accounting policy of the Association not recording assets we have prepared:
 - a. The Statement of Financial Position
 - b. The Statement of Operations
 - c. We have not prepared a Statement of Cash Flow as required by GAAP for Not-for-Profit Organizations because the Association is a charity is not involved in investment activities nor does it carry a debt to finance operations.

- e) Restricted Fund Accounting has been followed for comparability of the Financial Statements. The Association receives funding from AGLC which is restricted to designated expenditures. The Statements have been prepared on the accrual method of accounting.

- f) Revenues
 - a. There is a small balance in the Casino account to carryover and requires approval from the AGLC. Required reports have been submitted for both the Bingo and Casino funds received for this period.
 - b. \$17,500 Grant was received from the City of Edmonton.
 - c. Other sources of revenue are Registration Fees for classes, chocolate sales, gift card sales, and private donations.

Subsequent Events

There will be a number of transfers of funds based on AGLC funds being used for Bingo Volunteers and unauthorized items paid from the Casino Account.

THE EDMONTON STRING PLAYERS ASSOCIATION
Statement of Operations and Changes in Fund Balances
For the Current Year Ended August 31

	<u>Bingo Account</u>	<u>Casino Account</u>	<u>Operating Account</u>	<u>TOTAL</u>
Revenue				
Casino Income	0.00	81,383.66	0.00	81,383.66
Casino Interest	0.00	20.55	0.00	20.55
Bingo Income	2,247.33	1,460.78	0.00	3,708.11
Private Donations	0.00	0.00	3,327.20	3,327.20
Other Organizations Donations	0.00	0.00	5,525.67	5,525.67
Business Deposits	0.00	3,084.73	12,483.00	15,567.73
Instrument Rentals	0.00	0.00	-15.00	(15.00)
Interest Earned	0.00	0.00	9.26	9.26
Miscellaneous Income	0.00	0.00	1,750.39	1,750.39
Registration Fees	0.00	3,783.43	128,966.15	132,749.58
Grants	0.00	0.00	17,500.00	17,500.00
General Income - Other	0.00	0.00	200.00	200.00
Products and Gift Cards	0.00	0.00	854.09	854.09
Total Revenue	<u>\$ 2,247.33</u>	<u>\$ 89,733.15</u>	<u>\$ 170,600.75</u>	<u>\$ 262,581.24</u>
Expenses				
Board and Staff Development	0.00	0.00	1,325.61	1,325.61
Concert and Festival Fees	0.00	0.00	905.00	905.00
Hall Rental	0.00	0.00	1,041.00	1,041.00
Marketing	0.00	396.90	1,416.40	1,813.30
Fuel for Rental Vehicle	0.00	0.00	24.53	24.53
Vehicle Rental	0.00	0.00	575.28	575.28
Casino Fundraising Expenses	0.00	2,539.05	0.00	2,539.05
Bingo Fundraising Expenses	14.00	333.75	0.00	347.75
Product Expenses	0.00	0.00	1,005.48	1,005.48
Gift Card Expenses	0.00	0.00	12,905.00	12,905.00
Instrument Repair and Maintenance	0.00	0.00	5,898.41	5,898.41
Storage	0.00	0.00	900.00	900.00
Bank Fees & Service Charges	0.00	0.00	86.63	86.63
Insurance	0.00	0.00	6,591.00	6,591.00
Mail & Courier Expense	0.00	0.00	29.40	29.40
Office Rent	0.00	0.00	12,600.00	12,600.00
Office Supplies	0.00	225.78	5,620.98	5,846.76
Parking, Utilities	0.00	0.00	24.16	24.16
Printing and Copying	0.00	0.00	596.08	596.08

Telephone, Internet, Website	0.00	0.00	866.57	866.57
Expenses - Other	0.00	0.00	560.00	560.00
Gift and Meeting Hospitality	0.00	675.68	291.87	967.55
Other Costs	0.00	486.82	3,693.39	4,180.21
Conductor Honouraria	0.00	0.00	577.50	577.50
Instructor Honouraria	0.00	17,428.13	86,225.32	103,653.45
Instrument Technical Honouraria	0.00	0.00	8,850.00	8,850.00
Program Admin. Honouraria	0.00	0.00	25,500.00	25,500.00
Teachers' Attendance	0.00	0.00	202.50	202.50
Wages and Honoraria	0.00	0.00	7,642.50	7,642.50
Criminal Record Checks	0.00	54.00	245.00	299.00
Total Expenditures	<u>\$ 14.00</u>	<u>\$ 22,140.11</u>	<u>\$ 186,199.61</u>	<u>\$ 208,353.72</u>
Excess of Revenue Over Expenditures	<u><u>\$ 2,233.33</u></u>	<u><u>\$ 67,593.04</u></u>	<u><u>\$ (15,598.85)</u></u>	<u><u>\$ 54,227.52</u></u>
Fund Balances August 31, 2015	N/A	\$ 795.58	\$ 101,117.40	\$ 247,912.98
Fund Balances August 31, 2016	\$ 2,233.33	\$ 68,388.62	\$ 85,815.55	\$ 156,140.50