

**VICTORIA JAZZ SOCIETY**  
**Financial Statements**  
**Year Ended September 30, 2020**

**VICTORIA JAZZ SOCIETY**  
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**Year Ended September 30, 2020**

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## **Independent Auditor's Report**

**To the Members of Victoria Jazz Society**

### **Report on the Financial Statements**

#### **Qualified Opinion**

We have audited the financial statements of Victoria Jazz Society (the Society), which comprise the statement of financial position as at September 30, 2020, the statement of operations and changes in net assets 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 matter 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 Society as at September 30, 2020, and the results of its operations and 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 Society derives revenue from fundraising activities 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 Society. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended September 30, 2020, current assets and net assets as at September 30, 2020.

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 Society in accordance with 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 audit opinion.

### **Report on Other Legal and Regulatory Requirements**

As required by the British Columbia Societies Act, we report that, in our opinion, the accounting principles in Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

### **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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

(continues)



Independent Auditor's Report to the Members of Victoria Jazz Society *(continued)*

Those charged with governance are responsible for overseeing the Society'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 Society'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 Society'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 Society 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.

*Dusanj & Wirk*

**VICTORIA JAZZ SOCIETY**  
**Statement of Financial Position**  
**September 30, 2020**

	2020	2019
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 222,164	\$ 76,173
Term deposit	55,983	55,288
Accounts receivable	1,229	417
Grants receivable	4,200	34,085
Wage subsidy receivable (Note 11)	11,756	-
Due from related party (Note 3)	4,063	4,226
Prepaid expenses	6,979	4,660
	<u>306,374</u>	<u>174,849</u>
EQUIPMENT (Note 4)	<u>3,251</u>	<u>3,693</u>
	<u><b>\$ 309,625</b></u>	<u><b>\$ 178,542</b></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 11,907	\$ 29,208
Government remittances payable	8,234	5,986
Deferred contributions (Note 6)	99,500	-
	<u>119,641</u>	<u>35,194</u>
<b>NET ASSETS</b>		
Net assets invested in equipment	3,251	3,693
Unrestricted net assets	<u>186,733</u>	<u>139,655</u>
	<u><b>189,984</b></u>	<u><b>143,348</b></u>
	<u><b>\$ 309,625</b></u>	<u><b>\$ 178,542</b></u>
<b>COMMITMENT (Note 8)</b>		

**ON BEHALF OF THE BOARD**

 Director  
 Director

*The accompanying notes are an integral part  
of these financial statements.*

**VICTORIA JAZZ SOCIETY**  
**Statement of Operations**  
**Year Ended September 30, 2020**

	2020	2019
<b>REVENUE</b> <i>(Schedule 1)</i>	<b>\$ 408,291</b>	<b>\$ 1,225,464</b>
<b>EXPENSES</b>		
Advertising and promotion	28,387	288,995
Amortization	1,339	1,704
Artist expenses	58,757	354,204
Concession and merchandising	10,748	38,834
Insurance	4,117	14,320
Interest and bank charges	2,401	12,520
Office	17,861	15,289
Professional fees	20,095	22,726
Rent	34,074	34,116
Security	346	997
Sponsorship development	1,048	1,525
Subscription and dues	2,551	1,669
Telephone and internet	6,865	6,969
Travel and entertainment	2,508	5,274
Utilities	2,569	3,026
Venue and production	24,921	269,833
Wages and employee benefits <i>(Note 11)</i>	143,068	206,433
	<b>361,655</b>	<b>1,278,434</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<b>\$ 46,636</b>	<b>\$ (52,970)</b>

*The accompanying notes are an integral part  
of these financial statements.*

**VICTORIA JAZZ SOCIETY**  
**Statement of Changes in Net Assets**  
**Year Ended September 30, 2020**

	Invested in Equipment	Unrestricted	2020	2019
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 3,693	\$ 139,655	\$ 143,348	\$ 196,318
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	(1,339)	47,975	<b>46,636</b>	(52,970)
<b>INVESTMENT IN EQUIPMENT</b>	897	(897)	-	-
<b>NET ASSETS - END OF YEAR</b>	\$ 3,251	\$ 186,733	\$ 189,984	\$ 143,348

*The accompanying notes are an integral part  
of these financial statements.*

**VICTORIA JAZZ SOCIETY**  
**Statement of Cash Flow**  
**Year Ended September 30, 2020**

	2020	2019
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenue over expenses	\$ 46,636	\$ (52,970)
Item not affecting cash:		
Amortization of equipment	1,339	1,704
	<u>47,975</u>	<u>(51,266)</u>
Changes in non-cash working capital:		
Accounts receivable	(812)	17,183
Grants receivable	29,885	(23,463)
Wage subsidy receivable	(11,756)	-
Due from related party	163	16,130
Prepaid expenses	(2,319)	385
Accounts payable and accrued liabilities	(17,301)	(14,111)
Government remittances payable	2,248	4,815
Deferred contributions	99,500	(1,748)
	<u>99,608</u>	<u>(809)</u>
	<u>147,583</u>	<u>(52,075)</u>
<b>INVESTING ACTIVITY</b>		
Purchase of equipment	(897)	-
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<u>146,686</u>	<u>(52,075)</u>
Cash - beginning of year	<u>131,461</u>	<u>183,536</u>
<b>CASH - END OF YEAR</b>	<u>\$ 278,147</u>	<u>\$ 131,461</u>
<b>CASH CONSISTS OF:</b>		
Cash	\$ 222,164	\$ 76,173
Term deposit	<u>55,983</u>	<u>55,288</u>
	<u>\$ 278,147</u>	<u>\$ 131,461</u>

*The accompanying notes are an integral part  
of these financial statements.*



**VICTORIA JAZZ SOCIETY**  
**Notes to Financial Statements**  
**Year Ended September 30, 2020**

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**1. PURPOSE OF THE ORGANIZATION**

The Victoria Jazz Society (the "Society") presents and promotes jazz music and its related genres of music in Greater Victoria. The Victoria Jazz Society is incorporated as a not-for-profit organization under the British Columbia Society Act and transitioned into the New Societies Act on November 28, 2018. The Society is a registered charity under the Income Tax Act.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Equipment

Equipment is recorded at cost and amortization is computed by the straight line balance method over the estimated useful lives of the assets at the following rates:

Office equipment	10%
Computer equipment	33%
Computer software	50%

In the year of acquisition, amortization is recorded at one half of the above rates.

Measurement Uncertainty

In preparing the Society's financial statements, management is required to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates.

Financial Instruments

The Society initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of the transaction costs directly attributable to the instrument. The Society subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, term deposits, accounts receivable and grants receivable.

Financial liabilities measured at amortized cost include accounts payable, accrued liabilities and government remittances payable.

Revenue Recognition

The Society follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection reasonably assumed. Endowment contributions are recognized as direct increases in net assets.

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**VICTORIA JAZZ SOCIETY**  
**Notes to Financial Statements**  
**Year Ended September 30, 2020**

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

Government assistance

Government assistance for acquiring fixed assets and related to expenses is recorded as deferred government assistance and is amortized on the same basis and according to the same rates as the related fixed assets or to income as eligible expenditures are incurred. Government assistance for current expenses is recorded as a reduction of the related expenditures. Government assistance for acquiring fixed assets is recorded as a reduction of the cost of related assets.

Contributed Materials and Services

Contributed materials are recorded at fair value when received. Contributed services are recorded at fair value when the fair value can be reasonably determined. Contributed services are not recorded when the fair value of the service can not be reasonably determined.

**3. DUE FROM RELATED PARTY**

The amount due from the related party has no specified terms of repayment.

**4. EQUIPMENT**

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Computer equipment	\$ 7,809	\$ 6,854	\$ 955	\$ 929
Office equipment	8,110	5,814	2,296	2,764
	<u>\$ 15,919</u>	<u>\$ 12,668</u>	<u>\$ 3,251</u>	<u>\$ 3,693</u>

**5. BANK INDEBTEDNESS**

The Society has established an operating line of credit with its bank to \$50,000 bearing interest at the rate Prime + 1% and secured by the Society's term deposits.

**6. DEFERRED CONTRIBUTIONS**

Deferred contributions represent restricted contributions received in the current period that are related to subsequent periods. Changes in the deferred contribution balances are as follows:

	2020	2019
	\$ -	\$ 1,748
Less: amount recognized as revenue during the year	-	(1,748)
Add: amount received related to subsequent periods	<u>99,500</u>	<u>-</u>
Ending balance	<u>\$ 99,500</u>	<u>\$ -</u>

**VICTORIA JAZZ SOCIETY**  
**Notes to Financial Statements**  
**Year Ended September 30, 2020**

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**7. CONTRIBUTED MATERIALS AND SERVICES**

The Society relies on contributed materials and services for the delivery of its programming. The recorded contributed materials and services are as follows:

	<b>2020</b>	<b>2019</b>
Advertising and promotion	\$ 11,426	\$ 190,856
Artist expenses	1,856	18,994
Artwork & graphic design	-	13,725
Backline	-	7,737
Concession and merchandising	-	7,814
Ground transport	-	3,750
Printing	-	25,000
Professional fees	13,700	16,500
Venue and production	7,162	53,395
	<u>\$ 34,144</u>	<u>\$ 337,771</u>

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**8. COMMITMENT**

The Society leases its premises under an agreement expiring on November 30, 2022, with one five-year renewal option.

In addition to a proportionate share of common area costs, the minimum annual lease payments will be as follows:

2021	\$ 17,992
2022	18,226
2023	<u>3,038</u>
	<u>\$ 39,256</u>

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**9. REMUNERATION OF EMPLOYEES**

Under the Societies Act, societies must disclose remuneration paid to directors, and to employees and contractors whose remuneration was at least \$75,000 for the fiscal year.

During the year, there were no employees who met this criterion. The Board of Directors receive no remuneration for their services other than reimbursement of expenses.

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**10. FINANCIAL INSTRUMENTS**

The Society is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Society's risk exposure and concentration as of September 30, 2020.

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**VICTORIA JAZZ SOCIETY**  
**Notes to Financial Statements**  
**Year Ended September 30, 2020**

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**10. FINANCIAL INSTRUMENTS** *(continued)*

*(a) Credit risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Society does not face significant credit risk exposure.

*(b) Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Society does not face significant liquidity risk exposure..

*(c) Market risk*

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Society does not face significant market risk exposure.

*(d) Currency risk*

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 Society does not face significant currency risk exposure.

*(e) Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Society does not face significant interest rate risk exposure.

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**11. GOVERNMENT ASSISTANCE**

As a result of the COVID-19 pandemic, the Society received federal government assistance in the form of the Canada Emergency Wage Subsidy (CEWS) in the amount of \$45,800 and the Temporary Wage Subsidy (TWS) in the amount of \$3,195, which have been netted against wages and employee benefits. \$11,756 of the Canada Emergency Wage Subsidy (CEWS) is receivable at year-end.

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**12. SUBSEQUENT EVENTS**

The global economic impact arising from the COVID-19 pandemic may expose the Society to economic and operational risks in the 2021 fiscal period. The impact on the Society's operations is not readily determinable by management.

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**VICTORIA JAZZ SOCIETY**  
**Revenue**  
**Year Ended September 30, 2020**

**(Schedule 1)**

	2020	2019
<b>REVENUE</b>		
Advertising and contract	\$ -	\$ 2,040
Concession and merchandising	2,002	84,037
Fundraising	-	17,313
Ticket sales	39,544	348,148
	<u>41,546</u>	<u>451,538</u>
 <b>CONTRIBUTIONS</b>		
Corporate funding	82,379	173,582
Donations	5,382	18,030
Contributed materials and services (Note 7)	34,144	337,771
Memberships	7,390	6,163
	<u>129,295</u>	<u>535,546</u>
 <b>GRANTS</b>		
Municipal grants	84,000	86,500
Provincial grants	67,200	30,880
Federal grants	86,250	121,000
	<u>237,450</u>	<u>238,380</u>
 <b>GRAND TOTAL</b>	 <u>\$ 408,291</u>	 <u>\$ 1,225,464</u>

*The accompanying notes are an integral part  
of these financial statements.*