

HAMILTON PHILHARMONIC YOUTH ORCHESTRA

FINANCIAL STATEMENTS

JUNE 30, 2011

(Unaudited)

REVIEW ENGAGEMENT REPORT

To the Directors of
Hamilton Philharmonic Youth Orchestra:

We have reviewed the statement of financial position of Hamilton Philharmonic Youth Orchestra as at June 30, 2011 and the statements of operations, changes in net assets and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of inquiry, analytical procedures and discussion related to information supplied to us by the Organization.

A review does not constitute an audit and consequently we do not express an audit opinion on these financial statements.

Based on our review nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian generally accepted accounting principles

Taylor Leibow LLP

CHARTERED ACCOUNTANTS

Hamilton, Ontario
September 30, 2011

HAMILTON PHILHARMONIC YOUTH ORCHESTRA**STATEMENT OF FINANCIAL POSITION***(Unaudited)**As at June 30*

	2011	2010
	\$	\$
ASSETS		
CURRENT		
Cash	27,496	13,574
GST/HST receivable	1,443	465
Accounts receivable	-	13,326
Prepaid expenses	1,801	1,230
	30,740	28,595
LIABILITIES		
CURRENT		
Accounts payable	3,866	10,749
Deferred revenue	700	620
	4,566	11,369
DEFERRED CONTRIBUTIONS <i>(Note 3)</i>	2,025	512
	6,591	11,881
NET ASSETS		
UNRESTRICTED NET ASSETS	24,149	16,714
	30,740	28,595

(See accompanying Notes to Financial Statements)

HAMILTON PHILHARMONIC YOUTH ORCHESTRA
STATEMENT OF CHANGES IN NET ASSETS

(Unaudited)

Year ended June 30

	2011	2010
	\$	\$
UNRESTRICTED NET ASSETS, BEGINNING OF YEAR	16,714	47,437
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	7,435	(30,723)
UNRESTRICTED NET ASSETS, END OF YEAR	24,149	16,714

(See accompanying Notes to Financial Statements)

HAMILTON PHILHARMONIC YOUTH ORCHESTRA**STATEMENT OF OPERATIONS***(Unaudited)**Year ended June 30*

	2011	2010
	\$	\$
REVENUE		
Audition fees	635	640
Bingo income	14,372	8,513
Concert income	9,078	4,720
Donations	8,724	5,015
Fundraising	30,542	17,823
Hamilton Community Foundation <i>(Note 4)</i>	9,095	13,326
Hamilton Philharmonic Orchestra (2000) Inc.	4,179	5,185
Malloch Foundation grant	1,000	-
Martin Foundation grant	400	-
Orchestra fees	19,185	13,890
Orchestra Tour/Festival	15,023	14,305
Trillium grant	512	938
	112,745	84,355
EXPENSES		
Advertising and promotion	2,672	2,008
Coaching	5,679	7,727
Concerts	2,983	3,793
Fees and dues	1,238	717
Fundraising	20,228	11,621
Management and training	20,000	25,274
Music purchases and rentals	1,780	1,358
Musical director/conductor	25,300	31,300
Office and general	5,651	6,919
Orchestra Tour/Festival	13,689	14,812
Professional fees	3,940	4,588
Retreats	-	3,961
Scholarships	2,150	1,000
	105,310	115,078
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	7,435	(30,723)

(See accompanying Notes to Financial Statements)

HAMILTON PHILHARMONIC YOUTH ORCHESTRA**STATEMENT OF CASH FLOWS***(Unaudited)**Year ended June 30*

	2011	2010
	\$	\$
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Excess (Deficiency) of revenue over expenses	7,435	(30,723)
Changes in non-cash working capital <i>(Note 5)</i>	4,974	(4,670)
	12,409	(35,393)
FINANCING ACTIVITIES		
Increase (decrease) in deferred contributions	1,513	(938)
INCREASE (DECREASE) IN CASH	13,922	(36,331)
CASH, BEGINNING OF YEAR	13,574	49,905
CASH, END OF YEAR	27,496	13,574

(See accompanying Notes to Financial Statements)

HAMILTON PHILHARMONIC YOUTH ORCHESTRA

NOTES TO FINANCIAL STATEMENTS

(Unaudited)

Year ended June 30, 2011

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. 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.

FINANCIAL ASSETS AND LIABILITIES

The following is a summary of the accounting model the Organization has elected to apply to each of its significant categories of financial instruments outstanding at June 30, 2011:

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 (including any impairment for financial assets). Interest calculated using the effective interest method is presented in excess of revenues over expenses under interest expense.

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 \$1,780 (2010 - \$1,227). This amount was included in music purchases and rentals expense in the statement of operations.

HAMILTON PHILHARMONIC YOUTH ORCHESTRA**NOTES TO FINANCIAL STATEMENTS***(Unaudited)**Year ended June 30, 2011*

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

CONTRIBUTED SERVICES AND MATERIALS

During the year, coaching services from Hamilton Philharmonic Orchestra (2000) Inc. were contributed in the amount of \$2,829 (2010 - \$3,910). These services are recorded at their fair value at the date of contribution.

Also during the year, materials in the amount of \$8,263 (2010 - \$3,783) were contributed for a fundraising auction. These materials are recorded at their fair value at the date of contribution.

3. 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:

	2011	2010
	\$	\$
Beginning balance	512	1,450
Add: Malloch Foundation grant received	1,000	-
Add: Martin Foundation grant received	1,500	-
Add: Scholarship donations received	1,275	-
Less: Amount recognized as revenue in the year	(2,262)	(938)
Ending balance	2,025	512

HAMILTON PHILHARMONIC YOUTH ORCHESTRA**NOTES TO FINANCIAL STATEMENTS***(Unaudited)**Year ended June 30, 2011*

4. 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.

5. CHANGES IN NON-CASH WORKING CAPITAL

	2011	2010
	\$	\$
GST/HST receivable	(978)	(305)
Accounts receivable	13,326	(13,326)
Prepaid expenses	(571)	560
Accounts payable	(6,883)	7,781
Deferred revenue	80	620
	4,974	(4,670)

6. CAPITAL DISCLOSURES

For its own purposes, the Organization defines capital as unrestricted net assets which at the year end totalled \$24,149 (2010 - \$16,714). There are no externally imposed requirements on 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.

7. COMPARATIVE INFORMATION

Certain financial information of the prior year has been re-stated in order to conform with the presentation adopted in the current reporting period.