DRAFT

CANADIAN UNIVERSITY MUSIC SOCIETY/ SOCIÉTÉ DE MUSIQUE DES UNIVERSITÉS CANADIENNES

FINANCIAL STATEMENTS

DECEMBER 31, 2016

INDEPENDENT AUDITOR'S REPORT

To the Members,
Canadian University Music Society

We have audited the accompanying financial statements of Canadian University Music Society which comprise the statement of financial position as at December 31, 2016, and the statements of operations and changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility
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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Canadian University Music Society as at December 31, 2016, 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.

Emphasis of Matter
We draw attention to note 2 to the financial statements which states that the Society's continuance as a going concern is dependent upon its ability to obtain sufficient funding to meet on-going operating expenses and satisfy current liabilities. Our opinion is not qualified in respect of this matter.

Chartered Accountants
Licensed Public Accountants

Date of Board Approval
Toronto, Ontario

CANADIAN UNIVERSITY MUSIC SOCIETY/
SOCIÉTÉ DE MUSIQUE DES UNIVERSITÉS CANADIENNES

DRAFT

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2016

	2016	2015
ASSETS		
Current assets		
Cash	$ 3,498	$ 4,768
Short-term investments (note 4)	10,770	10,712
HST recoverable	3,017	3,605
Accounts receivable	3,290	18,034
	$ 20,575	$ 37,119
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	$ 12,063	$ 27,230
Prepaid membership fees	3,265	3,435
	15,328	30,665
Net assets		
Designated - Beckwith Research Fund (note 6)	11,015	10,545
Unrestricted	(5,768)	(4,091)
	5,247	6,454
	$ 20,575	$ 37,119

Approved on behalf of the Board:

_____, Director

_____, Director

see accompanying notes

CANADIAN UNIVERSITY MUSIC SOCIETY/
SOCIÉTÉ DE MUSIQUE DES UNIVERSITÉS CANADIENNES

DRAFT

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
REVENUE		
Membership fees	$ 20,760	$ 17,650
Donations	13,390	9,610
Social Sciences and Humanities Research Council of Canada (SSHRC) grant		10,415
Conference and award sponsorship	11,500	8,000
Conference	8,860	11,423
Journal subscriptions	1,415	5,372
Royalties	452	1,456
Back issue sales	75	25
Other		5,718
	56,452	69,669
EXPENSES		
Prizes	10,750	8,250
Membership management	10,727	9,978
Journal production costs	10,330	16,941
Translation	6,761	8,992
Administration	5,224	5,000
Conference	4,207	3,103
Board travel - AGM	3,983	3,924
Journal digitization	3,078	3,681
Professional fees	2,599	2,978
	57,659	62,847
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	(1,207)	6,822
Net assets, beginning of year	6,454	(368)
NET ASSETS, END OF YEAR	$ 5,247	$ 6,454

see accompanying notes

CANADIAN UNIVERSITY MUSIC SOCIETY/
SOCIÉTÉ DE MUSIQUE DES UNIVERSITÉS CANADIENNES

DRAFT

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	$ (1,207)	$ 6,822
Changes in non-cash working capital items (see below)	736	(5,283)
Net cash generated by (used for) operating activities	(471)	1,539
INVESTING ACTIVITIES		
Purchase of short-term investments	(58)	(1,545)
NET DECREASE IN CASH FOR THE YEAR	(529)	(6)
Cash, beginning of year	4,768	4,774
CASH, END OF YEAR	$ 4,239	$ 4,768

Net change in non-cash working capital items:

Decrease (increase) in current assets-		
Accounts receivable	$ 16,073	$ (12,405)
Increase (decrease) in current liabilities-		
Accounts payable and accrued liabilities	(15,167)	15,127
Deferred contributions		(10,415)
Prepaid membership fees	(170)	2,410
	$ 736	$ (5,283)

see accompanying notes

1. THE SOCIETY

Canadian University Music Society/Société de musique des universités canadiennes (the Society) is incorporated in Canada without share capital under the Canada Not-for-profit Corporations Act. The Society is a registered charitable organization under the Income Tax Act (Canada) and as such, is exempt from income taxes and able to issue donation receipts for income tax purposes.

The Society's mandate is to:

- Stimulate musical research, performance, composition, and pedagogy in Canadian universities through scholarly papers, concerts, symposia, and publications;
- Provide a forum for the exchange of views and information and the discussion of common problems among musicians in Canadian universities;
- Maintain and strengthen the position of music study in Canadian universities; and
- Advise on new university programs and monitor existing programs.

2. GOING CONCERN CONSIDERATIONS

These financial statements have been prepared on a going concern basis which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the Society be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities.

As a result of the unrestricted net deficit of $5,768 as at December 31, 2016, there is a material uncertainty whether the Society can continue to operate. The Society's continuance as a going concern is dependent upon its ability to obtain sufficient funding to meet on-going operating expenses and satisfy current liabilities. It is not possible to determine whether funding necessary to sustain operations in the up-coming year can be obtained.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Board of Directors is responsible for the preparation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations. Outlined below are those policies considered particularly significant:

Revenue recognition
The principal sources of revenue and recognition of these revenues for financial statement purposes are as follows:

i) The Society follows the deferral method of revenue recognition for contributions. Contributions related to current expenditures are recognized as revenue in the current year. Contributions received in the year for expenses to be incurred in the following year are recorded as deferred contributions. Contributions related to the purchase of capital assets are recorded as revenue in the same period the related assets are charged to operations.

ii) Sponsorships and subscription revenue is recognized in the period the services are provided. Journal sales are recognized when goods are purchased. Membership revenue is recognized in the period the membership relates to.

iii) Interest income is recognized when earned.

iv) Donated materials and services which are normally purchased by the Society are not recorded in the accounts.

4. SHORT-TERM INVESTMENTS

Short-term investments comprise four guaranteed investment certificates issued by a major Canadian chartered bank. Certificates bear interest at rates between 1.0% and 1.85% and mature between April 2017 and 2018.

5. FINANCIAL INSTRUMENTS AND RELATED FINANCIAL RISKS

The Society records financial instruments, which include cash, accounts receivable, short-term investments and accounts payable and accrued liabilities, initially at fair value. Short-term investments comprise guaranteed investment certificates which are subsequently recorded at cost plus accrued income. All other financial instruments are subsequent recorded net of any provision for impairment in value.

The following are those financial instruments considered particularly significant and their related financial risks:

i) Accounts receivable are regularly monitored to minimize credit risk from uncollected revenue. The Society's losses from uncollected revenue have been minimal.

ii) Fluctuations in market interest rates do not result in significant interest rate risks affecting future cash flows from fixed rate guaranteed investment certificates.

6. BECKWITH RESEARCH FUND

During 2009 the Board of Directors of the Society created a research prize fund bearing the name of Mr. John Beckwith, a Canadian composer, writer, pianist, teacher, administrator and member of the Order of Canada. A major goal of the John Beckwith Fund is to grow in size until the annual interest accrued can be used as an annual prize bearing the John Beckwith name. The Society will determine the prize amount, name, participant criteria and other details once the fund has increased to a suitable size for annual distribution.

Continuity of the fund for the year is as follows:

	2016	2015
Beckwith Research Fund, beginning of year	$ 10,545	$ 9,790
Add donations received	470	755
Beckwith Research Fund, end of year	$ 11,015	$ 10,545